

NEWS: INTERNATIONAL

German state minority rule coalition deal

By Michael Lindemann in Bonn

The Social Democratic party (SPD) yesterday agreed a minority coalition with the left-wing Green party in the eastern German state of Saxony-Anhalt, a risky venture whose survival depends on the support of the Party of Democratic Socialism, the successor to the East German Communist party.

The coalition has been seized on by the SPD as a chance to prove that it is serious about government. It also provides further evidence that the SPD may agree to work with the Green party to secure a majority after the October federal parliamentary elections. Mr Rudolf Scharping, the SPD leader, has denied all such suggestions, but leading members of his party have argued that a pre-election coalition with a so-called red-green coalition will secure a larger majority for the two parties.

Meanwhile, the Christian Democratic Union (CDU) and its more right-wing sister party, the Christian Social Union (CSU), have been falling over themselves to present the arrangement with the former communists in Saxony-Anhalt as ultimate treachery.

The SPD have fired back, pointing out that the CDU has agreed countless coalitions with the PDS at local council level in eastern Germany and is hypocritical to suggest that arrangements at state level are any different.

The two would-be coalition partners yesterday presented a 70-page document, negotiated over the last 10 days, which outlines the coalition agreement. The SPD will have six ministers, the Greens will take over the Environment Ministry, and independent technocrats are being sought for the

three remaining posts.

"The longest road starts with the first step," was the cautious verdict with which Mr Reinhard Höppner, the SPD state premier designate, greeted the landmark decision. He is likely to be elected premier on July 21.

Only days before the election on June 26, Mr Höppner said he would not consider any deals with the PDS, preferring instead a so-called grand coalition with the CDU, which has 36 seats in the state parliament, one more than the SPD.

However, a day after the election victory the SPD leadership in Bonn were able to convince Mr Höppner that a coalition with the Greens, who have five seats, and horse-trading with the 21-seat PDS, however risky, was the only chance the SPD had of proving that it was determined to win the October elections.

Recent opinion polls have seen the SPD lose its earlier lead over the CDU and many observers suggest the party will be hard pushed to recover lost ground before the October elections.

The PDS has achieved impressive returns in state and communal elections in eastern Germany, backed by voters angry about economic reforms, and it is likely to manage to get back into the Bundestag, or lower house of parliament, in the October elections.

Leading politicians in Thüringen, which neighbours Saxony-Anhalt to the south and is still a bastion of CDU support, sought to play down the spill-over effect of the red-green coalition. They argued that the differing economic and political development of the five eastern states meant it was unlikely the Saxony-Anhalt coalition would be duplicated.

Health services abuse funds, regions fail to pay taxes

Russia pinpoints revenue loss

By Leyla Boulton in Moscow

Glaring abuses of state funds by health services and the withholding of taxes by a handful of big Russian regions were singled out yesterday as reasons for Russia's inability to honour expenditure commitments.

A Finance Ministry report presented at a cabinet meeting to review the state of the economy said the government had simply slashed expenditure to make up for the failure to collect 40 per cent of tax receipts in the first half of this year. That figure in itself is encouraging given the fact that only 30 per cent of taxes were collected in the first quarter of 1994.

One example of abuses of funds the government identified was that of medical institutions which had spent the money

not on health care but on financing private business activities or buying cars instead of medical equipment.

Tatarstan and Bashkortostan, two semi-independent republics within the Russian Federation, were the biggest non-payers of taxes among the regions, together withholding more than Rb400bn, compared to the budget's total projected revenues of Rb124,000bn.

The credibility of the government's own promises to combine reforms with a fight against abuses has come into question following its recent decision not to abolish quotas on oil exports as promised from July 1. This crucial foreign trade reform, which would have increased tax revenues and removed a big source of corruption, was postponed until at least January 1995 without explanation.

But reformers within the government and the president's administration blame the government's vulnerability to powerful vested interests, including the handful of companies currently enjoying exclusive export rights and those of officials who receive bribes in return for the allocation of quotas.

"This was too juicy a morsel to give up for certain interest groups," explains Professor Yevgeny Yasin, chief economic analyst for President Boris Yeltsin.

At yesterday's meeting - missed by Mr Yeltsin, who was said to be suffering from a cold - Prime Minister Victor Chernomyrdin trumpeted the government's achievement in driving inflation down to 6 per cent in June, although officials have warned that it is likely to rise to double-digit figures by the autumn.



Two Greek Cypriot women write messages on a banner in Nicosia's main square yesterday, the 20th anniversary of the coup that prompted a Turkish invasion and partition of the island. The text, a quotation from an anonymous poem, reads: "Seal this cloth with the wrath of your soul until the sun rises again over our enslaved land."

Emu unlikely this century, says Vranitzky

By David Marsh European Editor

The European Union's project for forging economic and monetary union (Emu) by the end of the century will be "very hard to fulfil", according to Mr Franz Vranitzky, the Austrian chancellor.

Speaking during a visit to London this week, Mr Vranitzky took a cautious line on the prospect of deepening political and monetary integration in the EU, which Austria is due to join on January 1.

Mr Vranitzky, whose country closely follows Germany in its monetary policies, said the EU should wait until after 1999 to establish Emu with a relatively large number of member states. This would avoid the danger of a "two-track" Europe - a development that would emerge if Emu went ahead with a smaller group.

He said the 1996 intergovernmental conference planned to review the Maastricht treaty should discuss "a new institutional framework" for the EU. But he indicated the practical consequences might be limited to a stronger role for the European parliament and "more flexibility in decision-making".

Asked whether Austria's neutrality would allow it to join a common European security arrangement, he confirmed Austria's interest in participating in "a system of collective security" but made clear this would not necessarily entail a commitment to provide troops for any possible EU actions against "peace-breakers" in foreign conflicts.

Austria would decide "case by case" whether support for EU security moves would involve the dispatch of troops or more "technical" measures - logistic support or help with arms supplies.

Mr Vranitzky explained his caution about Emu partly by

drawing attention to problems of "psychology" in replacing national currencies by a single European currency. "Austrians would definitely find it hard to see it [the schilling] eliminated in a short space of time," he said.

He added that this sentiment was similar to that seen in Germany and the UK about the possible replacement of the D-Mark or sterling.

He said establishing a monetary union "that deserves the description" would require "a minimum number of countries" as participants.

"I would prefer a larger number of countries. Otherwise we could arrive at a kind of two-track integration process, which would not be an optimal development."

The number of countries likely to fulfil the Emu economic convergence criteria laid down by the Maastricht treaty was likely to remain rather low by the end of the century.

As a result, he said, "I really do think it will be necessary to talk about monetary union later than 1999."

Mr Vranitzky made his comments even though the Maastricht treaty rules out any minimum number of EU states in 1999 as participants in monetary union. In theory, this means that as few as two or three EU members could launch Emu from that date, provided they fulfil the convergence criteria.

Austria is one of the few European countries which currently come close to meeting all the criteria on inflation, interest rates, public sector debt and budget deficits. Although Austria does not participate in the European Monetary System, the schilling's central exchange rate against the D-Mark has remained unchanged since the system started in 1979.

Berlusconi's long run of luck hit by dispute

In the shadow of Italy's participation in the World Cup final, Mr Silvio Berlusconi, the prime minister, has become involved in a dangerous confrontation between the executive and the judiciary.

The disagreement centres on a decree that drastically reduces the scope of investigating magistrates to use preventive detention of those suspected in cases of corruption. The outcome could for the first time dent Mr Berlusconi's remarkable run of popularity since he took office two months ago. The institutional conflict also risks causing sharp divisions among Mr Berlusconi's allies in his right-wing coalition. At the same time it could side-track the government's attention from formulating economic policy with the budget plans promised next Thursday.

The decree, signed into force late on Wednesday by President Oscar Luigi Scalfaro, permits some 2,000 people under preventive detention to leave prison. If it had existed 2½ years ago, before the anti-corruption investigations, none of the more than 600 accused of various crimes would have entered prison. They would at best have been confined to house arrest.

The restriction on the powers of arrest was however only one of the reasons behind Thursday's resignations of the anti-corruption team of Milan magistrates led by Mr Antonio Di Pietro. They claimed the decree was deliberately intended to curb their investi-

gations - preventive detention being necessary to stop tampering with evidence and people fleeing from justice.

While there is considerable public sympathy for the government's move to end what was seen as often arbitrary use of arrest, the government

Resignation of magistrates will embarrass Italy's PM, reports Robert Graham in Rome

will not find it easy to justify its tactics. A decree with immediate effect, which then has to be cleared by parliament within 90 days, appeared an overhasty means of dealing with an issue that was not top of the agenda.

Indeed, it could only be considered an immediate priority if the government feared the magistrates might be about to make more high-profile arrests affecting its supporters. This has been much rumoured in recent days, following the breaking of a corruption ring among the Guardia di Finanza, the financial police, that allegedly condoned tax evasion on a huge scale.

Mr Berlusconi also has much explaining about conflict of interest to do, because the Milan magistrates who have resigned were investigating the prime minister's Fininvest empire. The issue of arrest directly affected Mr Marcello Dell'Utri, the head of Publi-

talia, Fininvest's advertising arm, and a close colleague of Mr Berlusconi. He has challenged an arrest warrant in the courts.

Already government ministers are suggesting the decree can be altered in parliament - especially that part saying crimes such as corruption against the state do not warrant preventive detention. But Mr Berlusconi is unlikely to alter the substance of the decree.

He recognises that Mr Di Pietro is one of the most popular figures in Italy, as a result of his work unmasking corrupt politicians and businessmen. But he also has opinion polls which indicate the public is no longer so interested as before in the corruption issue; it was barely raised in the March general elections.

The public reaction will be crucial, and the generally hostile response of the press yesterday was perhaps not an accurate measure of opinion. A compromise is possible, but if none is sought and the public comes behind Mr Di Pietro, the populist Northern League will be the first to break ranks within the government. Until now Mr Umberto Bossi, the League leader, has been looking for firm ground on which to challenge Mr Berlusconi and reduce his ever-growing authority.

This could be just such a pretext. Meanwhile Mr Berlusconi, will not make a move until he sees how Italy fares in the World Cup. He is banking on Italy winning.

Back from the dead and aiming high

Bundeswehr successes revive Volker Rühe's ambitions, reports Quentin Peel

They call the German Ministry of Defence the graveyard of political ambitions. Five postwar defence ministers have been forced to resign prematurely because of scandal, political failure or ill health. The only man to survive and rise to greater things was Mr Helmut Schmidt, the former chancellor.

Now doubt that Mr Volker Rühe, the pugnacious Christian Democrat politician who is the current incumbent, would like to emulate Mr Schmidt. He admits that his fellow Hamburgers is a role model, even if he is a Social Democrat. And he has certainly proved he is a survivor.

Less than two years ago, Mr Rühe's political career seemed to be in tatters. Touted in the media as a possible heir to Chancellor Helmut Kohl, he stood at the party conference of the Christian Democratic Union to become one of Mr Kohl's five deputy chairmen - and suffered the humiliation of coming sixth, at the bottom of the poll.

It was a brutal setback for an ambitious politician, and one which caused the chancellor no loss of sleep. For Mr Rühe had allowed his ambitions to become too obvious.

He was suspected of plotting for a future grand coalition with the Social Democrats, and Mr Kohl suffers no rivals gladly. Ever since that day at the Düsseldorf party conference, Mr Rühe's star has been on the wane.

Yet this week he was still very much in office, exuding his old self-confidence, having just pulled off a remarkable hat-trick. He had seen the constitutional court give the green light for Germany's military forces, the Bundeswehr, to serve on peacekeeping expeditions anywhere in the world; he had persuaded the leaders of all three parties in the ruling coalition to accept his controversial plans to slim the military to just 340,000 men, and cut conscription from 12 to 10 months; and he had



emerged from the latest budget round with his expenditure virtually intact, after two years of spending cuts.

On the face of it, it was no mean feat. And yet practically nobody in Bonn is prepared to give Mr Rühe the credit for it. For his success, above all in winning the battle in the constitutional court, has a fatal flaw. It means that the Bundeswehr is being given a role in the modern, post-cold war world - the chance to participate in international peacekeeping - at precisely the moment when, largely thanks to Mr Rühe's previous cuts, its morale is at rock-bottom and its operational capacity is overstretched.

From the moment he took over the office, little more than two years ago, at

49, Mr Rühe has been campaigning for the Bundeswehr to be allowed to serve outside the Nato area. First, he tried to negotiate a deal with the Social Democrats to change the German constitution. When that failed, he embarked on a policy of deliberately sending men in uniform out-of-area, tempting his opponents to launch a constitutional challenge.

He sent military doctors to support the UN in Cambodia. He sent military observers in uniform to the former Soviet Union, and he allowed German air crews to fly Awaacs airborne reconnaissance missions to police the no-fly zone over Bosnia-Herzegovina. He sent a German frigate to the Adriatic to help enforce the UN embargo on former Yugoslavia. And he dispatched 1,700 men to Somalia to provide logistical support for UN blue berets.

The opposition rose to the bait, and ran to the constitutional court in Karlsruhe to demand clarification. And this week the court gave its blessing, with the proviso that the German Bundestag, the lower house of parliament, must normally sanction every mission. The government agreed yesterday to summon a special session next week to give retrospective approval to the Awaacs and Adriatic exercises.

But if Mr Rühe deserves a share of the credit for the court decision, his reputation on all other questions in Germany's defence community is mud. "Even a Green minister of defence [committed to abolishing the armed forces] would be better than Volker Rühe," one defence analyst said yesterday. "He doesn't give a damn about the Bundeswehr. He has systematically destroyed the armed forces in a way which is without precedent."

All the evidence suggests that morale in the Bundeswehr is plummeting now. Parliament's ombudsman for the armed forces, Mr Alfred Biele, said in his last annual report that constant

changes or cancellations in budget commitments and structural decisions had "shattered the credibility and leadership ability of the political and military commanders".

Mr Rühe's first problem was that he never made any secret of where he wanted to be: in the Foreign Ministry. And he has used his present position to gain political popularity and profits with that end in mind.

From the beginning, he decided that the most popular political move would be to reap the "peace dividend" from the end of the cold war - by cutting his own budget. First he tried to axe the Eurofighter, only to discover that his partners - Britain, Italy and Spain - were not prepared to agree. So he had to settle for a superficial redesign of the aircraft, which will almost certainly end up costing more, not less.

His next mistake was to try to be too active in volunteering big cuts in his own defence budget.

"Instead of asking the budget committee for more than he needed, and then negotiating down to a sensible compromise, he actually offered them bigger cuts than they were contemplating," according to an impartial observer. "The budget committee simply wasn't prepared to give up its job, so it cut him still more." Real defence spending last year was reduced by some 28 per cent. This year's budget freeze amounts to a token reprieve.

"Nobody would dispute that the Bundeswehr needs to be smaller," a military attaché said. "The budget is no longer enough to support 370,000 men." Yet from Mr Rühe's point of view, that is still a success: he has reaped the peace dividend. The cut in conscription also seems certain to be popular with young voters and their families. He is determined to prove the soothsayers wrong, and demonstrate that there is a political life in Bonn after the Ministry of Defence.



Center Parcs, Longleat Forest.

Center Parcs has brought a new dimension to British leisure.

Wonderful facilities, nestling in nature. A magical blend of exhilaration and relaxation.

First Sherwood Forest, then Elveden Forest, and now Longleat Forest.

Center Parcs - quality within reach.



For a brochure please telephone 0272 244700.

WTO decision delayed

By Frances Williams in Geneva

Diplomats reported Mr Szepesi as saying there was a "clear tendency" towards one of the candidates. Though he did not say which, the assumption is that most countries are opting to stay in Geneva, where Gatt now has its headquarters. The Gatt secretariat is due to be transformed into the WTO on January 1 next year.

A smiling Mr William Rosier, Swiss ambassador to Gatt, emerged from yesterday's meeting to say Geneva's chances were "completely intact". "We're almost there," said another senior ambassador who favours Geneva.

Some uncertainty remains because neither the US nor Japan has yet pronounced. However, France has publicly come out in favour of

Members of the General Agreement on Tariffs and Trade yesterday decided to postpone a formal decision on the future headquarters site of the World Trade Organisation until next week. But trade diplomats say it is now almost certain that Geneva will win the day over Bonn, the only other contender.

Mr Andras Szepesi, Hungary's Gatt ambassador, who is conducting the consultations on the issue, told a meeting of trade officials yesterday that four-fifths of delegations had expressed an official view. Other countries are being given until noon on Monday next week, when the final decision is expected.

Geneva, a francophone city, as have other French-speaking countries. Germany claims the support of about 20 countries but, with the exception of Belgium, these are mostly small developing nations.

The contest between Geneva and Bonn has been keenly fought, with both cities offering multi-million-dollar packages of office accommodation and diplomatic perks to attract the future WTO.

However, trade diplomats said yesterday that, following big improvements in the terms and conditions offered by the Swiss, there was nothing to be gained materially from moving to Bonn, and much to lose.

Other trade officials expressed fears that many Gatt staff would refuse to move, disrupting the WTO's work.

INTERNATIONAL NEWS DIGEST

Plan to tighten curb on beef

The European Commission bowed to political pressure from Germany yesterday when it proposed to increase restrictions on export of beef from Britain because of the threat of bovine spongiform encephalitis, or "mad cow" disease.

Mr Rene Stelchen, EU agriculture commissioner, proposed to limit exports of British beef in carcass form to herds which have been free of the disease for six years rather than the current two years. This would not affect sales of boneless meat. Mr Stelchen said he based his suggestion on scientific advice offered by the Commission's veterinary committee. The commissioner's draft is being referred back to the committee, which must accept his proposal before it can be formally adopted.

The BSE problem is due to be discussed at a meeting of European Union agriculture ministers on Monday. Germany has been threatening a unilateral ban on British beef imports if the Commission does not tighten up restrictions. But the British government believes it is time to start easing the curbs placed on the beef trade since the outbreak of BSE six years ago. It cites the sharp decline in the number of cases of BSE - a 23 per cent drop in the number of cases in the first six months of the year - as evidence that the disease is under control. *Deborah Hargreaves, London*

EIB loan accord with Poles

The European Investment Bank (EIB) has signed a three-year framework agreement with Poland that could result in up to £2.5bn (\$3.8bn) in loans from the bank for infrastructural projects aimed at integrating the country with the European Union. Mr Wolfgang Roth, a deputy head of the bank, says that the agreement marks a shift in thinking about Poland at the EIB. Instead of treating Poland as a "post-communist country building a market economy" it is now viewed as a "prospective member of the European Union".

According to Mr Roth, the EIB is prepared to lend around £2.5bn to central and eastern European countries over the next three years, with about a third going to Poland. The highway building programme in Poland would be a prime candidate for loans. *Christopher Bobinski, Warsaw*

US industrial output grows

Industrial production in the US rose 0.5 per cent between May and June - but the increase mostly reflected greater use of electricity with unseasonably hot weather. Excluding utilities, production rose 0.1 per cent from May, the Federal Reserve said. Overall production was 5.8 per cent higher than in June last year, having risen for 13 consecutive months. But the pace of growth has ebbed in recent months.

Industrial output grew at an annual rate of 4.4 per cent during the second quarter as a whole, against 8.3 per cent in the first quarter. This mainly reflected a slowing down in car production, partly caused by capacity constraints. There were wide variations in the performance of different sectors. Production of business equipment rose 0.8 per cent from May, but output of construction supplies rose only 0.3 per cent. Mining output fell 0.5 per cent. The overall industrial operating rate rose 0.3 percentage points to 83.9 per cent last month, its highest level in five years. *Michael Prouse, Washington*

Germany loses 'sherpa'

The German government is to lose its top international financial negotiator, Mr Gert Haller, state secretary in the Finance Ministry, to the private sector next year. Mr Theo Waigel, the finance minister, said yesterday that Mr Haller - who acts as the "sherpa" for Chancellor Helmut Kohl in the preparation of the Group of Seven world economic summits, and is the German government representative on the EU monetary committee - is to join the private Wüstenrot building society and banking group as joint chief executive from next January.

Mr Haller, 53, has been state secretary only since August last year, when Mr Horst Köhler, his predecessor, resigned to become president of the German savings banks association. Mr Waigel said Mr Haller had taken his decision for personal reasons. He insisted there had not been "any hint of a disagreement" with him. *Quentin Peel, Bonn*

Bond sues TV network



Mr Alan Bond, the failed Australian tycoon, is suing the country's Seven television network for allegedly implying in a programme that he was faking brain damage in an unsuccessful attempt to delay a court hearing on allegations of art fraud. He faces a preliminary hearing in Perth Magistrates' Court on Monday on charges of fraud relating to the sale of a work by Monet entitled *La Promenade*. *Reuter, Sydney*

Ex-premier jailed for fraud

The former Labor premier of Western Australia, Mr Brian Burke, has been sentenced to two years in jail after being convicted on four charges of fraud, relating to Mr Burke's misuse of parliamentary travel funds to pay off \$A17,000 of his personal overdraft. *Emilia Tagaza, Melbourne*

Van plant case rejected

The European Court yesterday rejected a complaint by the French holding company Matra-Hachette against plans by Ford of the US and Volkswagen of Germany to build a mini-van assembly plant in Portugal.

Matra-Hachette, which builds Espace minivans for French car maker Renault, argued that the Ford-VW joint venture should not have been cleared under European Union competition rules because its capacity of 190,000 units a year will dominate the EU market. Rejecting the complaint, the court ruled that Matra-Hachette did not provide sufficient proof of its claim. The court last year rejected another action brought by Matra-Hachette against an EU decision to approve subsidies to the Ford-VW plant. *Associated Press, Brussels*

Taiwan woos foreign banks

Taiwan has relaxed restrictions on the establishment of offshore banking units (OBUs) in a bid to attract more operations and to help promote syndicated loan business in the local market. Foreign banks can now apply to set up an OBU without first having established a branch in Taiwan, an official at the finance ministry's bureau of monetary affairs said yesterday. Applicants need not be among the world's top 500 financial institutions as before. "They only need to prove they have prudent management, a good business plan and the means to operate in Taiwan," the official said. The minimum capitalisation requirement has yet to be decided, but will probably be NT\$90m (£1.5m). Taiwan currently has 38 OBUs, 19 of them run by foreign banks. *Laura Tyson, Taipei*

BBC boosts Asia reception

The BBC said yesterday it would spend \$30m on a new relay station in Thailand to improve reception of its World Service radio programmes in Asia. The relay station, comprising four 250-kilowatt transmitters, will carry broadcasts in up to ten languages and improve reception for more than 45 per cent of the world's population, the BBC said. BBC radio signals are weak in parts of Asia, and a growing number of Asians get news from television. Mr Prasong Soonsiri, Thai foreign minister, signed an agreement for the relay station with British diplomats in Bangkok yesterday. The transmitters should start broadcasting before the end of 1996 and be fully operational by mid-1997. *Victor Mallet, Bangkok*

Rabin to meet Hussein at US summit

By Julian O'zanne in Jerusalem and George Graham in Washington

The Arab-Israeli peace process gathered pace yesterday as the US announced the first public summit between the Israeli and Jordanian leaders and as Israel made substantial overtures to Syria on the eve of a Middle East peace shuttle by Mr Warren Christopher, US secretary of state.

President Bill Clinton said Mr Yitzhak Rabin, Israeli prime minister, would meet King Hussein of Jordan in Washington on July 25. The two neighbouring states have technically been at war since 1948.

The announcement, confirmed by Mr Rabin's office, came after Mr Shimon Peres, Israeli foreign minister, said the Jewish state recognised the sovereignty of Syria over the Israeli-occupied Golan Heights. Mr Peres made the remarks in an apparent attempt to break the deadlock in talks before Mr Christopher arrived in the region on his third shuttle this year.

Taken together, the two moves represent a significant further step in Arab-Israeli

negotiations. Mr Clinton said the summit would be "another step toward the achievement of a comprehensive and lasting peace in the Middle East".

The US plans to lay on a full ceremonial fanfare for the occasion. Mr Clinton said that in addition to their meeting, Mr Rabin and King Hussein would be invited to address a joint session of Congress. They will also attend a formal dinner at the White House.

In Israel the Rabin-Hussein meeting is expected to bolster both the government and public support for the peace process.

The summit will be seen as one of the first concrete benefits from peace talks with Palestinians and a step to ending Israel's regional isolation despite a 13-year-old "cold peace" with Egypt.

For Jordan the move marks the determination of King Hussein not to be left out of the unfolding Middle East peace process and to press Jordan's interests ahead of wider Arab co-ordination, particularly with Syria.

As an inducement to Jordan to move ahead in its peace talks with Israel, the US is discussing possible debt relief



PLO chairman Yasser Arafat greets a well-wisher during prayers in Gaza City yesterday

measures as well as the supply of new military equipment.

The announcement of the Rabin-Hussein summit came after Jordanian and Israeli officials ended technical talks yesterday to prepare for formal

negotiations next Monday. The preparatory talks also laid the groundwork for a meeting in Jordan on Wednesday between Mr Christopher, Mr Peres and the Jordanian foreign minister

to focus on economic relations and regional integration projects. Progress in peace talks between Israel and Jordan will marginalise Damascus and put pressure on Syrian President Hafez al-Assad to compromise

in talks over the Golan Heights. Israeli officials said yesterday that Mr Peres' acceptance of Syrian sovereignty over the Heights marked a "far-reaching" concession to Damascus. Israel annexed the strategic plateau in 1981.

They said Mr Peres had attempted to offer a ground-breaking opening in the talks which have been stalled by Israeli refusal to say how much land it would return, and Damascus' refusal to specify whether it would agree to a full peace including open borders, trade and embassies.

Mr Christopher will also meet Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, to review the implementation of the Israel-PLO peace agreement. He said he would discuss "the steps that I feel he must undertake to establish the accountability necessary to reassure the donor community".

Mr Clinton said the Rabin-Hussein meeting was "another step" on the long road to an era of Middle East peace. "I will do everything I can to make sure the peoples of the region realise the blessings of peace that have been denied too long to them."

Cardoso's presidential hopes boosted by Real

By Angus Foster in São Paulo

Mr Fernando Henrique Cardoso, Brazil's presidential candidate and former finance minister, appears to have significantly closed the gap on his main rival since the introduction of the country's new currency, the Real, this month.

Mr Cardoso negotiated the Real and other economic measures through Congress before resigning to run for president. He needs the new currency

to be seen as effective in reducing inflation if he is to catch the front runner, left-winger Mr Luiz Inácio Lula da Silva. Before the currency was launched, Mr da Silva led Mr Cardoso by 41 per cent to 19 per cent in opinion polls.

But a poll released yesterday, and conducted after the new currency's introduction, showed Mr da Silva's support for the October election falling to 34 per cent and Mr Cardoso's rising to 25 per cent. More important,

the Datafolha poll showed the two level on 43 per cent for the second round run-off.

The findings backed up polls conducted before the new currency had time to take effect, which suggested a swing to Mr Cardoso. The stock market, which fears Mr da Silva would prevent liberalisation of Brazil's economy, gained more than 2 per cent in early trading yesterday. This followed a near 5 per cent increase on Thursday after another poll suggested Mr

Cardoso had gained ground in the populous state of Minas Gerais.

Mr da Silva and his Workers' party (PT) played down the poll's significance and pointed out that Mr Cardoso was still behind in every state. Mr da Silva has had a difficult week, fighting off corruption allegations against his running mate José Paulo Bisol. The press claims may not matter in terms of votes, but denial of them has taken up valuable campaigning time.

The latest poll also showed a sharp fall in opposition to the new currency. The proportion of people believing themselves worse off because of its introduction has more than halved to 20 per cent, while 67 per cent of people said the currency was good for Brazil.

Inflation is expected to fall to a single figure this month. This compares with an inflation rate of 50 per cent in June under the old currency, the cruzeiro real.

Colosio's assassin 'acted alone'

By Ted Bartacke in Mexico City

The special prosecutor investigating the assassination of Mexican ruling party presidential candidate Luis Donaldo Colosio has presented his final report on the killing - and then promptly resigned as a public outcry condemned his conclusions as insufficient and unbelievable.

The prosecutor, Mr Miguel Montes, said in his final report, which was expected to close the case, that Mario Aburto, the confessed assassin, acted alone when he shot Mr Colosio during a campaign rally last March in Tijuana. This contradicted his preliminary report, which claimed that Aburto was part of a conspiracy that included Tijuana members of Mr Colosio's own Institutional Revolutionary party (PRI).

Reaction to the new theory was swift and harsh. All leading political parties, deep into their campaigns, criticised the report, with the opposition claiming it was an attempt to close the case without scandal before the presidential elections on August 21.

Public opinion polls show that Mexicans overwhelmingly believe that Aburto did not act alone and that the government is unwilling or unable to find the intellectual authors of the assassination.

In announcing Mr Montes' resignation, President Carlos Salinas stressed that the case had not been closed. Instead, he said, Mr Montes' replacement, Mr Olga Iles de Gonzalez, would specifically look into whether Aburto acted on orders of others.

Mr Salinas also set up a commission to review Mr Montes' work, the fourth such panel the president has created in as many months in an attempt to give the government investigation some credibility.

The lawyer representing Mr Colosio's widow Diana Laura in the investigation, Mr Juan Velasquez, welcomed the resignation. "A complete revision of the case should be done to remedy the deficiencies of the investigation... which were to produce absolutely subjective conclusions," Mr Velasquez said. He called Mr Montes' final report "ridiculous".

Mr Colosio's substitute as the ruling party presidential nominee, Mr Ernesto Zedillo, also criticised Mr Montes' findings, even though a lone gunman theory saves the PRI from suspicion that it participated in the assassination. But most political analysts agree that Mr Zedillo simply could not support an investigation that had lost its credibility.

FOSTER'S
ICE
BEER

ICE BREWED AND SUPER CHILLED FOR A CLEAN, CRISP TASTE.

NEWS: INTERNATIONAL

Japan's widening trade gap hits hopes

By William Dawkins in Tokyo

Japan's trade gap widened by 14.8 per cent to \$11.35bn (£7.3bn) in the year to June, a serious blow to the Finance Ministry's belief that the surplus had peaked.

The increase, fuelled by a 20.3 jump in exports to the US and a 14.1 per cent rise in sales to the rest of Asia, brings Japan's overall trade surplus for the first six months of the year to \$60.01bn, a 5.1 per cent increase from the 1993 period. In May the surplus fell for the first time in six months.

Japan's politically sensitive surplus with the US rose by 14 per cent to \$24.56bn in the opening six months - or by 43 per cent in June alone - driven by the expanding US economy's appetite for foreign goods.

"The figures reflect the economic strength of the US and Asia, driving up exports there. What is missing is a recovery in Japan," said Mr Jim Vestal, chief economist at Barclays de Zoete Wedd in Tokyo.

Japan's demand for imports grew by 8.3 per cent in June, or an underlying 11 per cent after adjusting for a

fall in oil prices, a slight slowdown in previous months. Over the first six months, imports rose by 7.6 per cent. This is slightly higher than exports, at 6.8 per cent.

The renewed surge in the yen, dating from the last week in June, has led some analysts to doubt that the economy will grow enough in the second half to bring the sharp drop in the surplus they were forecasting.

The government's Economic Planning Agency yesterday recognised that the recent spurt in the yen's value casts a shadow over recent

improvements in corporate earnings and business sentiment. "If it had not been for the appreciation of the yen, the Japanese economy would have been close to a state of bottoming out," an official said.

Private sector economists believe that recovery would be stifled if the yen rose to ¥90 to the dollar, but that growth would be possible at ¥100. The yen fell slightly against the US currency in Tokyo yesterday, from ¥98.19 to ¥98.30 to the dollar.

The latest bankruptcy figures indicate that the health of smaller compa-

nies continues to be fragile. Debts of bankrupt companies fell by 12.7 per cent in the opening six months of this year, but the number of corporate collapses still increased by 1.5 per cent to 6,925, according to Teikoku Databank, a credit research agency. Within that, a record 63.2 per cent of bankruptcies were directly caused by poor economic conditions.

Separately, Tokyo department stores yesterday reported that sales fell by an annual 3.4 per cent in June, an improvement on May but still the 28th month of decline.

Siemens gains stake in Thai rail contract

By Victor Mallet in Bangkok

A joint venture of Germany's Siemens group and Italian-Thai Development, the leading Thai construction company, was yesterday awarded a turnkey contract worth \$1.1bn (£705m) - excluding financing costs - to build what is expected to be Bangkok's first urban rail system.

The consortium signed the agreement with Bangkok Transit System Corp (BTSC), a subsidiary of Thailand's Tanayong property group. Tanayong has a 30-year concession to build and operate two elevated rail lines with a total length of 24km.

Bangkok has no mass transit network for its citizens other than buses, and the city's traffic jams are notorious. But like all big transport projects in the capital, BTSC's planned railway has been dogged by delays and controversy. Successive governments have failed to cater to Bangkok's transport needs or to reconcile conflicts between rival projects.

Financing for the BTSC project from Deutsche Bank, AIG, the International Finance Corp and other lenders has yet to be finalised, and BTSC says the conditional offer of a financing package from the German-Thai consortium will expire at the end of August if negotiations are not completed.

But the project was given a boost this week when Mr Chatri Sophonpanich, executive chairman of Bangkok Bank, South-East Asia's largest bank, announced his support.

Mr Chatri's sister, Chodchay, has spearheaded a protest against the elevated railway on environmental grounds, although BTSC's supporters say the streets of Bangkok are already so unattractive and polluted that the project will not make much difference and may even reduce air pollution as the trains are electrically powered.

Mr Wolfram Martensen, president of Siemens Transportation Systems Group, said just under half of the contract value would go to Thailand for civil works, with the rest going to Siemens for the rolling stock, power supply and other items. Trains would be provided by Siemens' subsidiary Dieweg.

BTSC says the system, with 25 stations and 102 carriages in three-carriage sets, will be able to carry 700,000 passengers a day.

"The elevated system will provide travellers with a new and exciting view of Bangkok while carrying them above the traffic jams and floods which daily waste our resources and drain the travelling public's energy," said Mr Anat Arbhah-hirama, BTSC president.

Paper groups fined in US anti-trust probe

Three Japanese paper companies and a Japanese executive agreed to plead guilty and have been fined more than \$6m (£3.8m) for anti-trust activity, the US Justice Department said, writes Michio Nakamoto.

Mitsubishi, the Japanese trading house, its US arm Mitsubishi International, Kanazaki Specialty Papers, a subsidiary of Japan's New Oh Paper, and a former president of Kanazaki, are charged with conspiring to fix the prices of thermal fax paper in the US market in 1991 and 1992. The charge followed a two-year investigation by

US and Canadian authorities. Mitsubishi exported \$5m of thermal fax paper to the US while Kanazaki, which manufactures the paper in the US, made \$40m in sales in the \$120m-a-year US market.

The anti-trust activity raised the price of thermal fax paper in the US market by about 10 per cent, according to the Justice Department.

Of the fines, Kanazaki is to pay \$4.5m in the US and \$950,000 (\$444,000) in Canada. Its former president will pay \$165,000. Mitsubishi will pay \$1.26m, and its US subsidiary \$540,000.

By Michio Nakamoto in Tokyo

Japan's Ministry of Construction is proposing to build an underground cable box network that would be able to house fibre optic cable for the country's planned information superhighway, the ministry said.

The project, estimated to cost ¥40,000bn (230bn), would be entirely financed by public funds.

The ministry hopes to present a bill to the next regular session of the Diet, the Japanese parliament. It hopes that the bill will be approved by the end of the present fiscal year and that construction

work will start by fiscal 1995. Japanese politicians and bureaucrats alike have been keen to promote construction of an information superhighway along the lines of the national information infrastructure promoted by Vice-President Al Gore in the US.

They have also recognised that multimedia could provide much needed new businesses to promote future economic growth. The Ministry of Posts and Telecommunications, for example, believes multimedia markets will be worth ¥123,000bn by 2010.

The Japanese authorities are also concerned that Japan has lagged behind the US in mov-

ing towards an advanced information society and have put considerable efforts into catching up with the US.

Under the Construction Ministry's plan, the network would contain telephone lines as well, enabling existing above-ground telephone poles to be gradually abolished. The ministry hopes the bulk of the work can be completed by 2020.

Telecommunications operators wanting to provide services using fibre optic cable would be able to do so as long as they laid the cable in the box network.

NTT, Japan's major domestic telecommunications company, has already laid over 86,000km

of fibre optic cable throughout Japan and plans to bring fibre to homes by 2015.

The company has recently been moving aggressively to position itself as a leading supplier of multimedia services by linking up with US companies involved in multimedia.

Most recently it announced an agreement with Microsoft of the US, the leading software company, to develop an interactive multimedia system.

However, the Construction Ministry's plan would, if realised, also provide new entrants into the multimedia business an option of using a network that is not under the control of a would-be competitor.

GM chief urges compromise to spur trade talks

By Michio Nakamoto

Mr John Smith, president of General Motors, yesterday called for compromise in the stalled trade talks between the US and Japan, which he said were causing uncertainty in the foreign exchange markets.

"Somewhere along the line we need to reach some form of compromise to take these trade talks forward," Mr Smith said in Tokyo.

His comments came as US and Japanese trade negotiators failed in talks this week to agree on how foreign access to Japan's vehicle and parts markets could be improved.

The chief executive of the world's largest carmaker noted that the framework trade negotiations were important in helping foreign companies make progress in Japan but added that "the strengthening of the yen against the dollar has done more to level the trade playing field between Japanese and US companies than all of the rhetoric and policy initiatives of the previous 20 years".

Mr Smith warned that "the fact that the US-Japan trade imbalance has deteriorated despite the high-profile diplomatic talks... has not gone unnoticed by the Congress and the public". Consequently, "if Japan fails to open its markets more, then I believe the yen will continue to strengthen to the detriment of Japanese exporters".

GM had benefited significantly from the yen's sharp appreciation, Mr Smith indicated.

The company has seen component sales to Japanese companies, for example, rise substantially over the past year and expects in four years to double its 1993 sales to Japanese companies of \$800m (£512m).

GM also saw a 27 per cent increase in sales of cars and trucks in Japan in the first six months of this year, to 17,400 units, of which about 8,000 units were made in North America.

This compares with 31,958 units for the whole of last year.

N Korea 'poses threat to region'

By William Dawkins

Japan's Defence Agency yesterday warned that North Korea's weapons programme was "a serious destabilising factor" in east Asian security.

North Korea's suspected plans for nuclear, chemical and biological weapons posed an increasingly grave threat to Japan and the region, warned the agency, Japan's equivalent of a defence ministry, in its annual white paper.

This normally routine exercise in informing the public of the current state of defence policy has extra significance this year as the Japanese government is putting the finishing touches to a long-term overhaul of defence policy, due next month, in which reductions in grounds troops are envisaged. Understandably, the agency wishes to head off any drastic decrease in its strength.

"Defence strength is not something that can be arranged overnight," the white paper said. The study was pre-

pared before the death of President Kim Il-sung, the former North Korean leader.

Mr Hirotsugu Ota, a Defence Agency adviser, said there were no contingency plans in the event of an attack by North Korea, but that measures would be considered if Pyongyang went ahead with its missile plans.

North Korea would soon complete its Rodong-1 missile, whose range of 1,000km put most of Japan within reach, the paper said. Even longer range missiles were on the way, it warned.

Despite the end of the cold war the agency expressed caution about the 240,000 Russian troops stationed in the far east. Their future was uncertain, linked to political and economic instability in Russia.

The agency said Japanese forces were capable of defending Japan against a small attack and holding off a large assault until the deployment of US forces, under the US-Japan security treaty.



A US soldier runs through a readiness drill on a US Army Patriot missile at Osan Air Base south of Seoul yesterday.

Seoul to curb Kim mourning

By John Burton in Seoul

The South Korean government is to crack down on leftist organisations planning to hold mourning ceremonies for the late North Korean President Kim Il-sung, whose funeral is scheduled for tomorrow.

The announcement follows the firebombing of six police stations in Seoul on Thursday by radical students protesting at the arrest of student organisers after they praised President Kim.

Student organisations have also said they will send groups conveying their condolences to Pyongyang, after North Korea announced it would allow South Koreans who wanted to pay homage to Mr Kim to cross the heavily fortified demilitarised zone separating the two Koreas.

North Korea yesterday resumed propaganda attacks against the South after suspending them following the president's death. It criticised South Korean President Kim

Young-sam for raising tensions by placing the country's military and police on alert after the announcement last Saturday of Mr Kim's death.

It compared the "rude" actions to "setting a fire at a funeral home".

"Despite the fact that even the US president and Japanese prime minister expressed their regrets over the death of President Kim Il-sung, only Kim Young-sam... is acting recklessly," declared the state-controlled Radio Pyongyang.

South Korean officials have privately criticised US President Bill Clinton for offering condolences over Mr Kim's death in what was seen as a diplomatic gesture to maintain US dialogue with the new North Korean leadership.

Suggestions by members of the main opposition Democratic party to send a South Korean condolence mission to Pyongyang in an effort to improve relations have been condemned by the ruling Democratic Liberal party.

Beijing cool on HK overtures

Mr Qian Qichen, China's foreign minister and vice-premier, reacted coolly yesterday to a suggestion by Mr Alastair Goodlad, British Foreign Office minister, that the two countries put behind them past disputes over Hong Kong's political reform and co-operate on other issues concerning the territory, Our Foreign Staff reports.

Mr Qian also gave the impression of turning down a proposal by Britain's foreign secretary, Mr Douglas Hurd, that they should have an exchange of visits.

Mr Goodlad told reporters in Beijing yesterday that he had had a long discussion on Hong Kong issues with Mr Qian's deputy, Mr Jiang Zemin.

"I emphasised the need to put our past disagreements on constitutional matters behind us and to work together on the important agenda of issues that have to be addressed in the run-up to the transfer of sovereignty in the interests of building up the stability and prosperity of Hong Kong," Mr Goodlad said.

Two hours later as Mr Goodlad was meeting Mr Qian, the

Chinese foreign minister broke custom by answering two questions from a Hong Kong reporter about Mr Goodlad's remark. Mr Qian was asked whether China had said that, in the absence of political co-operation, there could be co-operation on other Hong Kong issues. Mr Qian said: "We did not say things to that effect. If there is to be co-operation there should be comprehensive co-operation in all areas." Asked about prospects for his talks with Mr Goodlad, Mr Qian laughed and said he could not answer this

when they had only just met. Later the official Xinhua news service reported Mr Goodlad gave Mr Qian a message from Mr Hurd proposing an exchange of visits or a meeting between the two.

Mr Qian reportedly replied "what could be agreed on at present" was that they should meet when they were both in New York for a UN General Assembly meeting this year.

A possible reason for his coolness is that the Chinese took umbrage at receiving a public sermon on the need to co-operate over Hong Kong.

CONTRACTS & TENDERS

SAO PAULO SOUTHERN METROPOLITAN RAILWAYS PROJECT

NOTICE OF PREQUALIFICATION TO BID FOR CIVIL WORKS CONTRACTS

The Government of the State of Sao Paulo has applied for a loan from the Interamerican Development Bank (IDB), in various currencies, equivalent to US \$402 million, to part finance the cost of implementation of the **TRANSPORTE SIM**, an Integrated Transport System for the Sao Paulo Metropolitan Region, and intends to apply part of the proceeds of this loan to eligible payments under the contract(s) for which this Notice of Prequalification is issued. CPTM (Companhia Paulista de Trens Metropolitanos), the Sao Paulo State Metropolitan Railways company, will act as the Project Implementation Agency (PIA), while IDB loan resources shall be managed and transferred to the PIA by STM (Secretaria dos Transportes Metropolitanos), the State Secretary for Metropolitan Transport, which has already set up an Executive Group to oversee the project implementation.

Basic detailed designs have already been concluded by CPTM, so that CPTM now intends to prequalify contractors which may be interested in presenting bids for the construction of sections of the Campo Limpo - Santo Amaro metro link, located in the city of Sao Paulo, Brazil. Two separate bids for civil works shall be issued:

Bid 1 - Santo Amaro Section (approximately 1,114 meters), which comprises the construction of Santo Amaro station over the Pinheiros River, including a stay suspension bridge structure and elevated sections adjacent to the station.

Bid 2 - Largo Treze Section, comprising the construction of underground Largo Treze station and of the railway sections adjacent to the station (approximately 850 meters), to be built in the inverted cut-and-cover method, plus the construction of approximately 210 meters of dual width tunnel through sedimentary soil, employing the New Austrian Tunnelling Method (NATM).

Both contracts will request, in addition to the execution of civil works, development of engineering design work and execution of detailed construction drawings and documents.

This invitation for prequalification is open to any bidder (including all members of a joint venture) that have their origin in the eligible source countries, as defined under the Guidelines for Procurement of the IDB.

Bidders may obtain further information, and acquire the bidding documents, until August 16, 1994, at 2:00 PM (Brasilia Standard Time), either in person or through mail or fax, at the following address:

Secretaria de Estado dos Transportes Metropolitanos
C/O Grupo Executivo
Rua Butantã, no. 285, quinto andar, Pinheiros
05424-140, São Paulo, SP, Brazil
Telephones: 55 (11) 815-0255, ext. 266, or 55 (11) 705-4900, ext. 300
Fax no.: 55 (11) 816-8255

Requests should be clearly labelled as "Request of Instructions - prequalification for Campo Limpo - Santo Amaro metro link construction bids" followed by the bid number and section, as indicated previously, in bold type.

Two complete sets of instruction documents will be readily available upon request, separately for each of the two bids. Delivery or remittance of documentation is subject to the payment of a non-refundable fee, for each set, of US \$50.00 (fifty US Dollars) or its equivalent in Reals (R\$), the Brazilian currency, converted according to the standard commercial exchange rate. Payment shall be made through bank order or check, to the order of *Companhia Paulista de Trens Metropolitanos - CPTM*, clearly indicating the name of the company which requests information. Bank account for deposit is identified as follows:

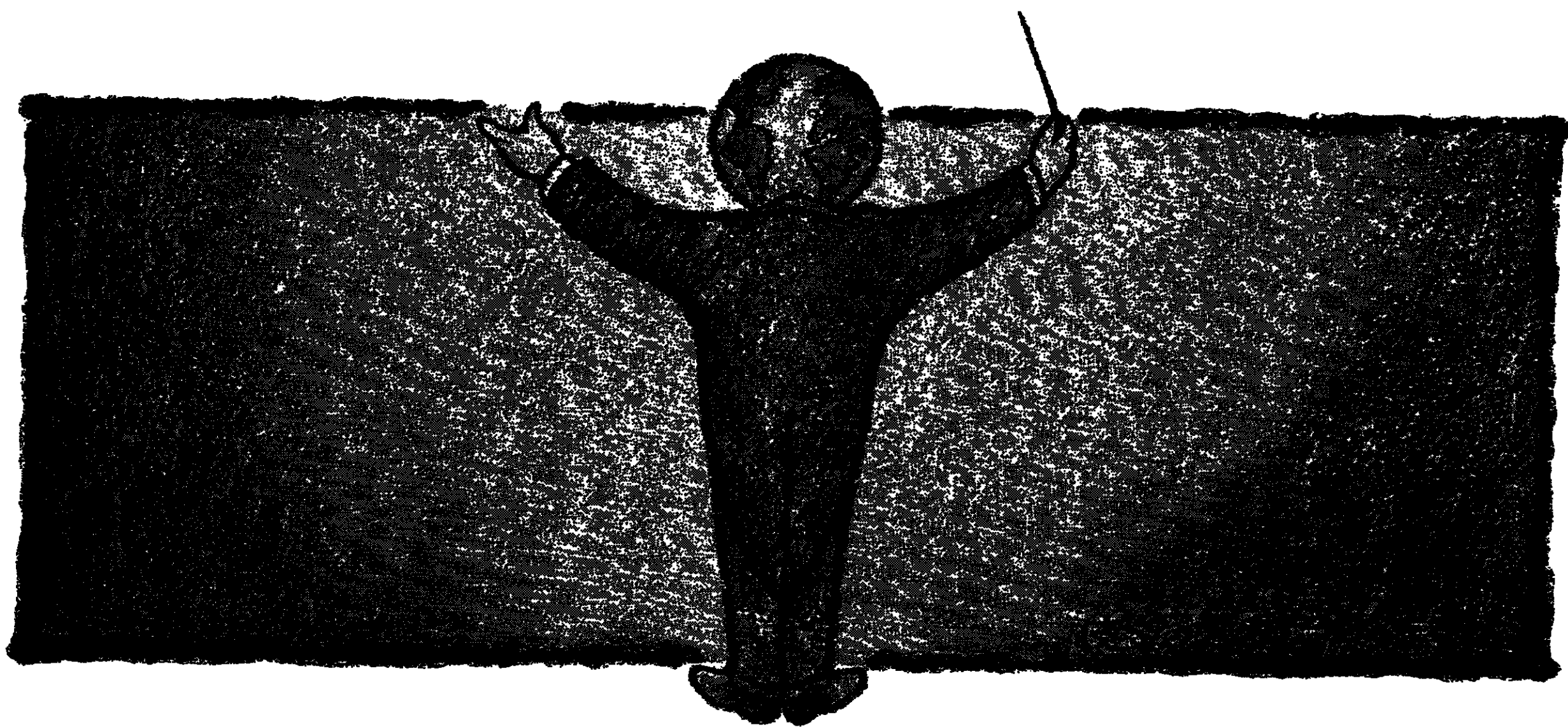
Bank : Banco do Estado de São Paulo - BANESPA
Agency : Rio Branco, no. 0205
Account : 13-02468-7

CPTM will readily dispatch the requested documentation through registered mail but said Company shall not be made responsible for any undue delay or loss of mailed material.

Minimum requirements that entitle a given company to apply for each prequalification are specified in the instructions. Prequalification applications for each contract shall be submitted in closed packages, either personally or by registered mail, and should be at the address indicated above no later than September 6, 1994 at 2:00 PM (Brasilia Standard Time). Any application arriving after that day and hour shall not be accepted. Packages containing applications should be clearly marked as: "Solicitação de Prequalificação para _____ (here go the bid number, either 1 or 2, and section name)".

Applicants will be informed in due time as to the result of their applications, and only those which prequalify will be invited to present bids.

BT and MCI present Concert. Your opportunity to control the world.



It's the best of both worlds.

BT is the UK's largest company, and one of the world's leading suppliers of international telecommunications.

MCI is the second largest long-distance carrier in the US, and internationally one of the world's fastest growing.

Together, we've combined our resources, energies and

know-how to create Concert. The first company ever to make fully integrated global telecommunications a reality.

Concert's range of services are available through BT and MCI.

The power to orchestrate telecommunications around the world is now yours.



FOR MORE INFORMATION CONTACT YOUR BT ACCOUNT MANAGER, OR CALL BT ON + 44 272 217 217. CONFIRMATION OF THIS JOINT VENTURE IS SUBJECT TO REGULATORY APPROVAL.

NEWS: UK

Electric chief makes £466,000 option profits

By William Lewis
and David Lascelles

Mr James Smith, chairman of regional electricity company Eastern, has made a profit of £466,867 by cashing in share options awarded to him after privatisation.

It brings to more than £12m the profits made by directors of the UK's privatised water and electricity companies exercis-

ing their share option perks.

Many of the executives are sitting on substantial profits from share options that they have not yet exercised and also from options that they have exercised but have not yet sold.

On April 5 Mr Smith, who at privatisation earned a salary of £82,270, exercised 121,107 share options. He immediately sold 60,554 shares at 6.89p each and

60,553 the day after at 6.80p, to give him a total profit of £466,867.

Three other Eastern directors recently exercised share options bringing them a combined profit of £143,000. The company said that it was "a private matter for the directors whether they exercised the share options".

A spokesman said that "in order to attract and retain

senior executives of the right calibre and degree of specialist talent Eastern has to be prepared to offer a remuneration package which is comparable with the rest of industry."

Eastern's recently published annual report, in line with several other water and electricity company reports, gives some details of directors' share options but does not reveal the actual profit Mr Smith made.

Stock Exchange disclosures compiled for The Financial Times by The Inside Track, the Edinburgh-based consultancy, reveal the actual gross profits made by directors when exercising share options.

Mr Tony Coleman, group finance director of Yorkshire Electricity, made a profit of £152,550 by exercising 61,957 options in April and then selling on 45,000 shares. That left

him with 16,957 shares which are showing a paper profit of £49,854.

Water company directors have made total profits of about £4.5m by exercising options and selling shares since January last year. This compares with profits of about £7.5m made by executives of regional electricity companies.

An exception to the rush to exercise options is Norweb, the

Manchester-based utility, where none of the executives has so far cashed in rights.

Six executives have options on nearly 600,000 shares, more than half of which they could exercise immediately at a profit of more than £3 a share.

A company spokesman said he could not comment on what executives did with their options.

Pledge of no more cuts in defence

By Bruce Clark

The government insisted yesterday that this week's defence cuts would not be followed by more reductions in the near future, but the pledge was met by a sceptical reaction from the opposition parties.

Government officials said that following Thursday's announcement of more than 18,000 job losses the Ministry of Defence would not be a target in the forthcoming public round of expenditure negotiations, which cover the period up to 1996.

They stressed that the £2.4m procurement package set out this week by Mr Malcolm Rifkind, the defence secretary, would not have been feasible unless he was confident that he would not be asked by the Treasury for further cuts.

Mr Rifkind yesterday signed a £1.1bn contract with the defence company Vickers for 259 Challenger-2 tanks, which he said "demonstrates that the fighting strength of the armed forces is being continually increased".

Mr David Clark, the Labour defence spokesman, said he doubted the government's ability to meet its stated defence commitments, even after Thursday's announcements, which are intended to trim spending by £750m a year from 1996-97 onwards.

Mr Clark said the gap between commitments and available funding could rise to £3bn in 1997-98 and £3.5bn the year after. He suspected that more cuts were planned.

Mr Menzies Campbell, Liberal Democrat defence spokesman, said there were "significant omissions" in the procurement announced.

He said the armed forces' need for support and attack helicopters, and for fresh or upgraded transport aircraft, was more urgent than the tanks, ships and submarines Mr Rifkind pledged to buy.

In five MPs, union leaders and councillors yesterday launched the Minesweepers for Roryst campaign.

The base is set to close as an operational dock for Royal Navy ships, with the loss of 700 jobs. Minesweepers and fishery protection ships are to be moved elsewhere and the loss of 1,500 service personnel will hit the local economy.

The base will be kept open with more than 900 jobs - about two-thirds civilian - because of a continuing need for other operations at the base, including support for the adjoining royal dockyard.

Along with the demand to keep minesweepers at Roryst, the campaign will lobby for extra financial resources for the Fife region.

In Exeter about 200 workers at a naval stores depot staged a walk-out in protest at the depot's proposed closure.

Anglo Irish talks hit impasse

Talks aimed at reaching a lasting political settlement in Northern Ireland ground to a standstill last night after Mr John Major, the prime minister, and Mr Albert Reynolds, his Irish counterpart, were unable to reach a compromise on how to take forward the peace process, Emma Tucker writes.

The UK-Irish summit scheduled to take place at the end of next week has been put off until autumn when the two leaders will meet informally.

During yesterday's talks in Brussels, ahead of the summit to select a new president of the European commission, Mr Major was looking for a pledge from Dublin that it will modify the Republic's constitutional claim to Ulster. Mr Reynolds has been reluctant to give any firm commitment ahead of the conclusion of an overall agreement between unionists and nationalists.

London paper launch next week

Tonight, the new London evening newspaper being set up by a Yorkshire businessman, plans to launch next Thursday. The paper, which will be distributed free to central London commuters on weekdays, will represent the first competition for the Evening Standard since 1987. Lord Rothermere closed the Evening News for the second time.

Criminal reforms to miss assent

The Criminal Justice Bill, which has been the subject of intense opposition in the House of Lords, will not receive its royal assent by the start of the Commons' summer recess, Mr Michael Howard, the home secretary, said yesterday.

He confirmed that the legislation would not have passed through all its parliamentary stages by the time the Commons rises on Thursday.

Ex-Nissan chief to appeal to Lords

Former Nissan UK managing director Mr Michael Hunt was yesterday given leave to appeal to the House of Lords against his conviction for involvement in a £55m corporation tax fraud.

The Court of Appeal, which rejected Mr Hunt's initial challenge in May, certified that the case raised a point of law of general public importance enabling a petition to the law lords for leave to appeal.

Pollution bill

A bill approved by the Commons yesterday will enable the government to ensure that an international agreement on new measures to combat oil pollution comes into force next year. MPs approved amendments by the House of Lords to the Merchant Shipping (Salvage and Pollution) Bill, and it is expected to receive the royal assent next week.

M25 delay

The public inquiry into the scheme to widen Britain's busiest stretch of motorway, effectively creating a 14-lane highway, is to be delayed, the government said yesterday.

Row grows over aid for Hualon

By David Owen

The government is coming under mounting pressure to reconsider its decision to provide a £61m grant for the Hualon textile project in Belfast.

Mr Nicholas Winter, Conservative MP for Macclesfield, is seeking a meeting on the subject with Mr Tim Smith, the Northern Ireland minister.

Mr Winter, chairman of the Manufacturing and Construction Industries Alliance, an industry pressure group, said he was "bitterly disappointed" by replies from Mr Smith to a series of parliamentary questions.

He described the decision to earmark aid for the £157m project as "one of those great civil service blunders that have affected British industry for several years".

Mr Christopher Whitehouse, the alliance's chief executive, said: "We want it stopped."

Mr Winter's remarks came a week after it emerged that the recently established

Commons Northern Ireland committee is to probe aspects of the project as part of its inquiry into employment creation in the province.

The plant - to be built by a Malaysian division of Hualon, a Taiwanese conglomerate - will represent the largest industrial investment in Northern Ireland since the failed De Lorean car venture.

It became the subject of controversy in May, when it emerged that the European Commission overrode strong objections from its own officials in approving the UK government grant.

In his answers Mr Smith said the government had no plans to review its decision to assist the project, which it had concluded would not cause any significant job displacement in the UK.

Sir David Alliance, chairman of Coats Virella, Europe's largest textiles company, has warned that "as many as 1,000 jobs in Lancashire" could be lost because of the project.

Work disabled quota faces axe

By James Blitz and Ivor Owen

The government is considering abolishing the compulsory quota on employers to provide jobs for the disabled, replacing it with a framework of legislation that would offer protection from unfair dismissal.

The move, which could be enacted next year, is one of a number of government proposals that aim to strengthen the rights of the disabled minority.

The proposals were published yesterday in a consultative document by the Department of Social Security and

following attempts by Labour and Tory MPs to introduce an overarching civil rights bill for the disabled.

However, while ministers said they were prepared to introduce piecemeal measures next year, the consultative document undermined the government's determination not to introduce comprehensive civil rights for the disabled.

Mr Nicholas Scott, minister for the disabled, told the Commons that a recent private member's bill to create such civil rights would have a compliance cost for industry

running to at least £17bn.

Labour MPs accused Mr Scott of having belatedly responded to their attempts to amend the law. Mr Barry Sheerman, Labour's disabled spokesman, said the document was "piecemeal, partial, pathetic, grudging, belated, inadequate - and disabled people will not accept it".

Ministers said yesterday that the measures in the consultative paper could be introduced by individual Whitehall departments next year. These include a statutory requirement on housebuilders to provide facilities for the disabled in new houses and the creation of an advisory body, the National Disability Council, to monitor the minority's rights.

Abolition of the disabled quota, which has been in operation since 1944 but is now considered unworkable, would be at the heart of the changes. At present, companies with more than 20 staff must employ at least 3 per cent of registered disabled people. Ministers are looking at ways to replace this with limited disabled rights through statutory legislation and industrial tribunals.

Revenue misses accuracy targets

By Andrew Jack

A quarter of self-employed tax returns processed by the Inland Revenue last year were not right first time, according to details of a survey released yesterday.

Nine per cent of returns processed for schedule E taxpayers - employees and pensioners - also contained some

inaccuracies, the figures showed.

To attain its targets, the Revenue is not allowed a single error with a tax consequence in the returns, which are randomly selected from across the country.

The survey was conducted in a pilot exercise as part of efforts to get bills right first time.

The accuracy rates were below the planned targets for the year 1994-95, which were 95 per cent for schedule E and 82 per cent for self-employed taxpayers.

The Revenue also released details yesterday of three new targets for its services to the public: to deal with every aspect of people's tax affairs correctly first time; to answer

telephone calls in 30 seconds; and to deal with repayment claims within 42 days during peak periods and 28 days at other times of year.

It stressed that it was continuing to aim for its existing objectives: to reply to correspondence within 28 days and to attend to callers to its tax inquiry centres within 15 minutes.



Chairman Bernard Henderson tests the commercial water. He admits: "If the current grant suddenly stopped we would go under"

Waterways board increases income

By Jane Martinson

British Waterways, the nationalised body which runs Britain's canals, increased its earned income by £3.5m last year as part of efforts to phase out its dependence on government funding.

Some of the increase came from leisure uses such as boat and angling licences. The board's annual report, published yesterday, makes clear that leisure and tourism, as well as the property market, are seen as important areas for growth.

The board has increased self-generated income by 40 per cent in real terms since 1988, when it was the subject of a critical report by the Monopolies and Mergers Commission.

Yesterday's report emphasises the board's heritage role - it owns more than 2,000 listed structures and ancient monuments and 64 sites of special scientific interest - and

envisages its development along the lines of the National Trust.

The board received a £49.7m government grant last year, £2m less than the year before, while self-generated income rose to £38.1m.

Mr Bernard Henderson, the chairman of Anglian Water who was appointed British Waterways chairman in April, said that although plans for privatisation would probably be welcomed by the government and the board he did not expect this in the near future.

He said: "There was no great problem in preparing Anglian for privatisation because there was a will [among staff] to run the enterprise themselves. I feel the same thing at British Waterways. And, if honest, the Treasury would love to get rid of it too."

He denied, however, that he had been brought in to prepare for privatisation. He added: "If the current grant suddenly stopped we would go under."

Straight talker who could ignite the warm-words committee

Kevin Brown takes pre-result temperatures in the race for Labour's deputy leader

The form book was right. Mr Tony Blair, the modernising shadow home secretary, started as favourite to succeed John Smith as Labour leader and seems certain to win.

Even Mr Blair's rivals, Mrs Margaret Beckett and Mr John Prescott, sound increasingly half-hearted as they repeat the well-worn mantra that they can win on the final straight.

That would be a huge and unexpected upset. But there may yet be some excitement when the preferences of up to 4.5m Labour supporters are announced on Thursday.

It looks increasingly possible that Mrs Beckett, the interim leader, may also lose the deputy leadership to Mr Prescott, the rumbustious employment secretary.

If that happens, it will be a heavy blow to Mrs Beckett, who has campaigned largely on her record as Mr Smith's deputy since the last leadership election in 1992.

But it would be a stunning victory for Mr Prescott, whose passionate advocacy of full

employment has provided one of the few highlights in a dull campaign.

Interviewed in the Opposition leader's room at the Commons, Mrs Beckett admitted that she might fail to win either leadership post.

She said: "I am used to going into elections that I might not win, and having to make my case and abide by the judgment of electorate. There is nothing odd to me about the fact that I might end up having lost both positions."

"But the party must decide on the leadership team it wants at the next election. Winning is so crucial that if the party were to decide that it ought to have a different leadership team then the party must be free to make the decision."

Mrs Beckett's pessimism is mirrored by growing optimism in the Prescott camp. Rifling through hundreds of support-

ers' letters in his turret office overlooking the Commons, Mr Prescott said it was "staggering how many people are now coming over".

He thinks the party will vote for Mr Blair because it wants a leader who can persuade Conservative and Liberal Democrat voters to switch sides. "I am not a strong suitor on those grounds," he said.

He added: "But if they vote for me as the deputy leader, I represent the heart and commitment that the party is concerned about, and it is a synthesis of those two positions from which, presumably, we will draw our general direction, values and presentation."

Mr Blair has scrupulously avoided giving any indication of his preference for the deputy leader's job. But if Mrs Beckett does lose there will be long faces among his entourage.

In part, this is because of a long-standing animity between Mr Prescott and Mr Gordon

Brown, the shadow chancellor, whose hopes of running Labour's economic policy might come to nothing under a Blair/Prescott leadership team.

But it also reflects concerns about Mr Prescott's volatile personality, which throbs with passion and commitment, in sharp contrast to the calculating but bloodless approach of Mrs Beckett.

Some Blair supporters say the shadow employment secretary is already prone to embarrassing flights of fancy. Give him a leadership role, and he will be a loose cannon on deck, they say.

Mr Prescott is clearly irritated by this. He repudiates many of the more flamboyant stories about him - such as reports of a row in the Commons tea-room with Lord Callaghan, the former Labour prime minister, over nuclear disarmament.

He is keen to defend his record as a serious political

operator - leader of Labour's European parliament delegation from 1976 to 1978; successful Cod War negotiator with the Icelandic government in 1976; author of eight lengthy pamphlets on Labour's economic and industrial policies.

He is also no slouch at the soundbite strategy so dear to the modernisers. His slogan, "Traditional values in a modern setting" was devised by Mr Rodney Bickerstaffe, assistant general secretary of the Unison public sector union, but it could easily have been dreamed up by Labour's spin doctors.

But wouldn't there be tensions with Mr Blair over Mr Prescott's robust approach, and his determination to sharpen Labour's image by setting targets for progress in key policy areas such as full employment?

Mr Prescott rebuts this analysis with some force. He is clearly fond of his freebooting image, and admits disarmingly

that he has done little to discourage it. "My style fits easily into that character," he says.

But that doesn't mean he is incapable of knocking down to collective responsibilities. "The leader and deputy leader can't be at war with each other," he says. "The party puts two people into the leadership ship... but at the end of the day the leader is the leader and it is their responsibility to set the framework."

Nevertheless, Mr Prescott's language betrays an impatience with the Blair style that augurs badly for those who think vigorous debate inevitably spells electoral disaster for Labour.

Noting that people are supporting him "because they think I will say it as it is", he launches into a long critique of the "be safe and say nothing" approach of Labour's modernisers, whom he lampoons as the "warm-words committee".

He said: "We have started to

have soft profiles which have made it very difficult to differentiate Labour and the Tory party. I think we can be robust about our principles and argue our case.

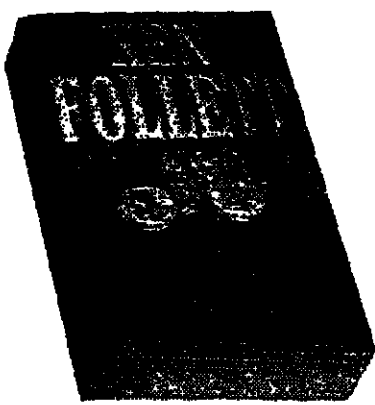
"Sometimes you have to find words to get over difficulties, but the trouble with our side is that we have got too caught up with the warm-words committee... the warm words almost become the policies. I think the electorate has seen through a lot of this. Vision is OK, but they do like the nuts and bolts, and I'm more of a nuts and bolts politician."

What will he do if he loses? "There are people who don't want to stand for elections because they think they will come out a bit weaker because the vote might not be as good as they think it should be."

"I've always taken the view that if you acquit yourself well you will come out of it stronger... I will certainly come out of this one considerably stronger, whether I have one of the leadership positions or not."

"Those seeking summer reading for the beach need seek no further... makes *Miami Vice* appear positively tame!"

SUNDAY TIMES



KEN FOLLETT

'Banks, brothels and a high body count - it's all there!'

FINANCIAL TIMES

A DANGEROUS FORTUNE

from Pan Paperbacks

Tory MP in sacking row with whips

By Roland Rudd

The government was yesterday embroiled in a dispute with a ministerial aide about whether he had resigned or was sacked days before the cabinet reshuffle.

Mr Tim Devlin, parliamentary private secretary to Sir Nicholas Lyell, the attorney general, said yesterday morning that he had resigned over planned defence cuts in his Stockton South constituency.

He was immediately contradicted by Conservative party managers who took the unprecedented step of saying that he had been dismissed for his "poor voting record and general ineffectiveness".

Mr Devlin, who has the reputation of being a rebel within government, said he was "gobsmacked" by the statement. He accused the whips of "vindictiveness".

With the impending reshuffle only days away, friends of Mr Devlin asked why the whips should sack a ministerial aide when they could remove him from office quietly next week. Last night Mrs Marjorie Simpson, chair of the Stockton South constituency party, said she believed the whips were lying and backed Mr Devlin 100 per cent.

The whips' office said Mr Devlin was sacked after he missed four important Commons votes, including two in the early hours of Thursday morning relating to MPs' allowances. They said Mr Devlin's dismissal was connected solely with party discipline.

With a majority of 15, party managers said they were not prepared to allow members of government to "cherry pick" which votes they were pre-

pared to attend. The whips said the attorney general had been kept informed of Mr Devlin's dismissal and had accepted their judgement. Sir Nicholas's office would not comment.

Mr Devlin's removal gave rise to speculation that Sir Nicholas might be dropped from the government in next week's reshuffle. The rumours were fuelled by the government's announcement that Mr Devlin's duties were to be carried out by Mr Gary Streeter, Tory MP for Plymouth Sutton, who will remain parliamentary private secretary to Sir Derek Spencer, the solicitor general.

Party managers denied that the affair would have any effect on Sir Nicholas's future.

Mr Devlin said Sir Nicholas had tried to persuade him to remain and fight his corner in the government. But he felt unable to do so once the defence white paper revealed the loss of 384 jobs in his constituency.

He said he went to see the whips who told him to announce that his resignation was for personal reasons. "I disagreed with that and was going to make my position clear," he added.

Mr Devlin has featured in newspaper reports about his lobbying for the release from prison of a man charged in connection with drugs dealing and who was also alleged to have been a police informer. The man left the country after charges were dropped.

While the publication of Mr Devlin's name in connection with this case was an embarrassment to the attorney general, government advisers made it clear that it had nothing to do with Mr Devlin's return to the backbenches.

Graduate debt up 13% to £2,000

By John Authers

The level of debt held by students on graduation rose by 13 per cent this year to an average of £2,004, according to a survey of 2,288 students by Barclays Bank.

The study shows that students are relying increasingly on funds from parents - in the form of gifts rather than loans - and less on banks. The average size of a bank overdraft at graduation now stands at £286 - down from an average £285 two years ago. They are also trying to avoid the government's student loan scheme.

The average borrowed from the scheme was £699, compared with an average available of £1,305.

The figures suggest that student hardship will increase in the next three years, as grants will be cut by 10 per cent each year, with the balance made up by loans.

Evidence that middle-class parents are being forced to spend more money on university education for their children, and that the take-up of loans is low will intensify the pressure on the government from academics to reform the student finance system, possibly by allowing students to repay loans via higher income tax or national insurance payments.

Parents and guardians are bearing the brunt, and were nominated as the main source of income by 31 per cent of students this year, compared to 26 per cent last year. Those naming student grants and loans as their main source of income fell from 61 per cent to 57 per cent.

More than 80 per cent of parents knew about their children's debt levels, with 35 per cent saying they were worried by it.

The proportion owing money to their parents has fallen from 21 per cent to 13 per cent in the last two years, as parents increasingly give money on a "no-strings" basis.

Barclays found that students were becoming more "serious-minded" about their personal finances, with most resigned to going into debt, and about their careers, with exams overwhelmingly cited as the most important issues facing them.

Those on professional courses were most likely to be in debt on leaving university, while pure sciences graduates had the lowest debt levels.

Students from six institutions - including old universities and former polytechnics - were surveyed. The six were Strathclyde, Manchester Metropolitan, Sheffield, Warwick, Bristol and Westminster.



Suffy Gammond with goats from Vauxhall city farm which will be on view this weekend at the Lambeth Country Show in Brockwell Park, south-east London. The organisers expect the event, featuring showjumping and Jamaican jazz, to attract 100,000 visitors.

Law Society decision challenged

The Law Society is to be challenged in the High Court over its refusal to pay compensation to a company which lost thousands in a mortgage fraud allegedly involving a dishonest solicitor.

In the first case of its kind a judge yesterday gave Mortgage Express leave to seek judicial review on the grounds that the solicitors' professional body reached a "fundamentally flawed" decision.

Other mortgage lenders

which also want to make claims against the Law Society's compensation fund are awaiting the review's outcome.

Mr Robert Griffiths QC, for Mortgage Express, said the case arose after the company funded the purchase of a flat in Marylebone, central London, using the services of a solicitor whom the Law Society now accepted was dishonest.

According to a valuation report the property was worth

£160,000 and Mortgage Express agreed to loan the purchaser £144,150. It was only after completion of the sale in December 1990 that the company discovered that there had been an overvaluation and it had been caught in a "back-to-back" transaction. The flat had been bought earlier the same day for £120,000.

In April 1992, after mortgage arrears rose to £10,000, Mortgage Express obtained an order for possession. It later sold the

property for just £72,767, leaving a total loss with interest of £124,021.

Mr Griffiths said the Law Society had unlawfully rejected the company's compensation claim on the basis that the money was primarily lost as a result of the overvaluation and the subsequent fall in the property market.

He added: "If the compensation fund doesn't pay out it is difficult to see in what circumstances it will pay out."

Complex calculations for C&G

The task facing the Cheltenham & Gloucester Building Society is a complex one. It is having to devise a scheme for distributing the £1.8bn that Lloyds Bank bid for the society that will be seen as legal by the courts and as attractive by its investors.

The task before the society after the High Court ruling that certain payments it planned to make to members were unlawful is reminiscent of the sort of mathematical problem set in exams.

In essence it appears to amount to devising a lawful scheme where there is the greatest possible overlap between members who can vote and members who are eligible for cash payments. But the smaller number of those qualifying for payments means representing 90 per cent of the value of investments which carry voting rights - have to consent.

The details of a new scheme will be announced in mid-August, but there are a few clues already about features it might contain. It appears unlikely, for example, that an

Alison Smith on the conundrum which faces the building society

did not make them society members.

But Sir Donald Nicholls, the vice-chancellor, ruled that cash payments could not be made to investors of less than two years' standing, nor to borrowers, although it was lawful to give cash to depositors and staff. The requirement in the 1986 Building Societies Act for high levels of support among investors for such a takeover to go ahead, makes the task more difficult.

While borrowers have to approve the move only by a simple majority of those voting, at least 75 per cent of investors voting - or investors representing 90 per cent of the value of investments which carry voting rights - have to consent.

The details of a new scheme will be announced in mid-August, but there are a few clues already about features it might contain. It appears unlikely, for example, that an

alternative way of handing out the £500 cash payments to borrowers will be on offer.

The voting threshold for getting consent of borrowing members is lower than for investors. Borrowers are also less mobile than investors, and so perhaps more susceptible to the long-term benefits of accepting the Lloyds offer, for example in terms of the lower interest rates they may be charged. It is also clear that a critical factor will be what is known as the qualifying date - the date for the start of the counting back to establish who is of two years' standing.

At the end of March, 27 per cent of C&G investors were of less than two years' standing but that proportion will already have fallen, since the society closed to new investing members in mid-June, the day after the judgment.

There is nothing in principle to stop the society setting a qualifying date well ahead of

the announcement of the new scheme, thus increasing further the overlap between those investors able to vote, and those able to receive cash.

C&G would not necessarily have to wait anything like two years before the proportion of voting investors ineligible for cash fell to a level which the society's board believed would enable it to win the vote.

There is a further, slightly baroque twist, which involves encouraging relatively new investors, and perhaps, borrowers, to open deposit accounts as a way of receiving payments.

There are some difficulties with this - for example, the Building Societies Commission, the sector's statutory regulator, might well look unkindly on such an account if it were confined to existing members of the society.

Yet if it were open to anyone, the fact that its existence was announced before the closing date for eligibility might lead to the very fluctuations in funds between societies that the regulatory system has been keen to avoid.

National Savings continue to fall

The slide in the contribution of National Savings to government funding continued last month, falling to £405m from £424m in May, Scheherazade Daneshkhu writes.

Net receipts in June totalled £194m, with gross sales of £285m being offset by repayments of £831m. Accrued interest amounted to £211m.

For the first time since their launch at the beginning of the year Pensioners' Bonds - with net sales of £116m - last month ceased to be the highest contributor and were supplanted by premium bonds with net sales of £142m.

National Savings' contribution to funding for the financial year 1994-95 to date was £1.4bn at the end of June. Finance and the Family, Pg V

Credit card spending up

The summer sales boosted spending in clothes shops and department stores in June, and consumers appear to be switching to credit cards from cash and cheques, a survey by Credit Card Research Group said yesterday.

Statistics recording all the credit and debit card transactions in Britain showed that spending on both jumped 10 per cent on a monthly basis in June.

Total spending with debit and credit cards was more than £27bn in the first six months of 1994, more than 16 per cent higher than the same period last year.

Standard Life to join PIA

Standard Life, the UK's largest mutual life insurer, yesterday signed up to the Personal Investment Authority, the new watchdog to protect the private investor, in spite of its earlier opposition to the regulator.

The insurer made it clear that it was the fact that the PIA had become inevitable rather than any change in the company's views about regulation which had led to its application to join.

Uniform jobs lost

Compton Webb, a Derby-based manufacturer of military and other uniforms, yesterday closed a factory in Newport, south Wales with the loss of 230 jobs.

The company, a subsidiary of Coats Vytella, said there had been "a dramatic decline" in the uniforms market, which was highly competitive and over-supplied.

Future of farm body in doubt

By Deborah Hargreaves

The government has deferred a controversial decision on the future of the Agricultural Wages Board, which sets pay and conditions for 180,000 farm workers.

Labour says the board's existence is threatened by government plans to repudiate two international conventions that would protect farm wages.

Mrs Gillian Shephard, the agriculture minister, told parliament she had received advice from employers in the industry that Britain should not recognise the two International Labour Organisation conventions as they would restrict flexibility in the farm labour market.

Mr Gavin Strang, Labour's agriculture spokesman, called Mrs Shephard's move "a shocking attack on some of the lowest-paid workers in the land".

The two conventions, which are accepted in most countries, require the setting of minimum wages for farm workers as well as the guarantee of an annual holiday. But the National Farmers' Union said he conventions would mean

there could be no changes to arrangements for the next 10 years.

The NFU strongly supports the continuing existence of the wages board. During the consultation exercise, Mrs Shephard has received calls from all corners of the industry for the board's preservation.

But she said recent developments had forced her to rethink. This year's high pay settlement by the board, which awarded a 4.9 per cent wage increase to farm workers - double the average settlement for manual workers - had led many employers to question the value of the board, Mrs Shephard said.

In addition, employees' representatives were seeking a judicial review of the board on the grounds that it discriminated against part-time workers.

Mrs Shephard said that in view of these developments "I believe we must pause and take stock".

Mr Strang said the abolition or weakening of the wages board would drive down farm workers' wages, which were already 30 per cent below the industrial average.

OECD supports 'bold' reforms of health service

By John Williams, Public Policy Editor

The government's reforms of the national health service are producing "increasingly encouraging results", the OECD says in a review of the UK economy.

It says the reforms, "a bold attempt to introduce elements of competition into the centrally-financed healthcare system", have increased the NHS's efficiency.

They have also made hospitals

respond better to patients' needs. And the fundholding family doctors who purchase health services on behalf of their patients have done much to challenge hospital practices and demand improvements.

The OECD says, however, that the government has made little effort to monitor the impact of the changes. It warns that political pressures over the closure of hospitals may weaken the process of adjustment.

It says that the district health authorities, which purchase health-

care on behalf of most people, are short of purchasing skills. The result is that changes in patterns of health-care are slow, as districts tend to deal with the same hospitals as before rather than shopping around.

Mrs Virginia Bottomley, health secretary, said it was gratifying that the OECD had recognised the achievements of the reforms.

The organisation says that the NHS has traditionally delivered healthcare at a lower cost than comparable countries. Infant mortality and life expectancy

are close to OECD averages. The centralised control of the health service has been effective in holding down costs, the OECD says, making the NHS a "remarkably cost-effective institution".

The report says GP fundholders have been particularly successful in improving the quality of treatment. It acknowledges the criticism that fundholding may create a two-tier system, but compares that with the already wide variations in the standards of family doctors before the reforms.

It says: "The answer to potential inequity is not to abandon the effective form of purchasing, but to extend fundholding and GP-based purchasing to cover more patients."

Mr David Blunkett, shadow health secretary, said it was easy for Paris-based economists to see the changes through rose-tinted spectacles.

He said: "The reality for patients, nurses and doctors who experience the NHS every day is different, with greatly increased bureaucracy and falling standards of patient care."

CONTRACTS & TENDERS

SUGAR & INTEGRATED INDUSTRIES COMPANY "S.I.I.C."
12 GAWAD ROSNY STR. CAIRO/A.R.E.
PURCHASING SECTOR

Announce that the correct date for opening envelope for Tender no. 2/8 BELKAS for Pumps for Belkas Sugar Project which will be financed by SAUDI FUND FOR DEVELOPMENT Loan is 8th August 1994 other terms remain unchanged.

LEGAL NOTICES

No. 984154 of 1994 No. 985357 of 1994

IN THE HIGH COURT OF JUSTICE, CHANCERY DIVISION

IN THE MATTER OF LONDON INTERNATIONAL GROUP PLC

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 1st July 1994 presented to the High Court of Justice (Chancery Division) for the winding up of the above named company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the learned Judge at the Royal Courts of Justice Strand London WC2A 2LL on Wednesday the 26th July 1994.

ANY Creditor or Shareholder of the said company desiring to oppose the making of an order for the winding up of the said company is required to file with the said Judge a statement of the grounds of opposition on or before the 15th day of July 1994.

Witness my hand and seal this 15th day of July 1994.

S. J. B. JONES, Solicitor for the said Company.

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 15th July 1994 confirming the liquidation of the above named company from 25,000,000 to £1,950,000 and the liquidator appointed by the Court showing with respect to the capital of the Company in the above named company particulars required by the Registrar of Companies on 20th July 1994.

Slaughter & May, 25 Abchurch Lane, London EC4A 3DF (Ref: RL31)

Solicitors for the above named Company

PERSONAL

PUBLIC SPEAKING

Training and speech-writing by award winning speaker. First

lesson free.

Tel: (0727) 861133

VAT on domestic fuel supported

By Peter Norman, Economics Editor

The government's controversial imposition of value added tax on domestic fuel and power was yesterday given the full backing of the Paris-based Organisation for Economic Co-operation and Development.

In a generally upbeat review of the UK economy the organisation, which is owned by 25 industrialised countries, says levying VAT on fuel and power is desirable for reasons other than safeguarding the environment.

The organisation applauds the tax because it broadens the VAT-base. It suggests that the VAT rates on fuel, currently 5 per cent and due to rise to 17.5 per cent next April, might be too low.

It says: "Allowing for the environmental costs of energy consumption, an indirect tax rate even higher than the standard VAT rate could be justified on efficiency grounds."

Other UK tax changes of recent years gain less wholehearted support. The organisation notes that more taxpayers have been shifted into higher marginal tax brackets. In addition, the interaction of national insurance contributions and income tax has resulted in an

unfair fall in marginal income tax rates for people earning about £25,000.

But in general the organisation praises the supply-side reforms introduced since the 1980s to improve Britain's economic structure, although it warns that "the process is by no means finished".

The UK, it says, "now has one of the least regulated labour markets in the OECD". But as elsewhere, "much remains to be done to reduce poverty traps, notably for low-skilled unemployed with dependants and those receiving housing benefit".

The report flashes out the analysis and forecast of the UK economy provided in last month's OECD Economic Outlook. It says Britain has made "major strides" in restructuring its economy and should experience steady growth with falling unemployment and a manageable current account deficit in the next 18 months.

Inflation should not be a problem in the next two years but the Treasury and the Bank of England are urged to remain vigilant and take pre-emptive action to keep inflation low when the economy returns to its long-term trend rate of growth.

UK ECONOMY - SHORT TERM PROJECTION

	Percentage change from previous period	1994	1995
Volume (1990 prices)			
Private consumption	2.8	3.0	
Government consumption	1.4	1.7	
Gross fixed investment	3.6	5.3	
Public	-4.1	1.5	
Private	5.9	6.1	
Final domestic demand	2.7	3.1	
Stockholding	0.6	0.3	
Total domestic demand	3.3	3.4	
Exports	5.7	6.9	
Imports	7.0	7.3	
Foreign balance	-1.3	-0.9	
GDP	2.8	3.2	
GDP deflator	3.2	2.5	
Real personal disposable income	-1.0	1.8	
Personal saving ratio	8.9	8.8	
Private consumption deflator	2.9	2.9	
Employment	1.2	1.4	
Unemployment rate	6.8	6.9	
Manufacturing production	2.8	3.9	
Current balance			
£ billion	-14.3	-15.5	
As per cent of GDP	-2.1	-2.3	

General government and public corporations' changes as per cent of GDP by the previous period. Data in levels. Unrounded claimant claimant.

Source: OECD

DISCOVER A NEW

WILBUR SMITH

Grand mythic material... the set pieces are fabulous in the true sense, and the wider narrative careers along as swimmingly as Isis herself.

TIMES LITERARY SUPPLEMENT

RIVER GOD

OUT NOW IN PAPERBACK

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday July 16 1994

Time for a new US tune

Successful jazz musicians must combine the ability to improvise with rigorous technique. Though neither President Clinton nor Federal Reserve Chairman Alan Greenspan made a career of their saxophone playing, the US dollar's recent travails demand much the same skills. They are right not to keep slavishly to the market beat, but the underlying theme should not be forgotten.

The week ended better than it began: with the dollar rallying above its record low against the yen, and long-term bond yields below their levels when Mr Clinton took office. Over the past 18 months, investors have been listening to the US Administration's haphazard comments about the dollar. Mr Clinton may hope that they are now following his plea to judge the dollar by US economic fundamentals. But the verdict on those is more mixed than he implies.

The president's case against a further dollar decline rests on three planks. First, unlike other major industrial countries, US economic recovery is now well advanced, with GDP forecasts promising steady growth in output and jobs for this year and the next. Second, inflation remains subdued: there is little to indicate that a rapid monetary tightening is needed to keep demand in check. Finally, the nascent recovery in Europe and Japan mean that the American current account deficit, though substantial, has reached its low-point, and should prove less of a worry in the months ahead.

How plausible is all this? The administration's projections for US output growth in 1994, as revealed in last week's mid-session budget review, remains 3 per cent, with the pace expected to ease slightly in 1995. Most observers think that the economy is currently expanding somewhat faster than this, as evidenced by last Friday's leap of 379,000 in the number of jobs. Whatever the true figure, few would argue that America's current problem is anemic growth.

Performance fears

Fears about current US economic performance do not, however, centre on its weakness. They focus instead on the possibility that the economy is already coming up against capacity constraints that will feed through into wages and prices. Mr Greenspan has raised short-term interest rates four times since February, by a total of 1.25 percentage points. Even Mr Clinton now accepts that the current rate of 4.25 per cent will have to rise before the end of the year.

The two are unlikely to agree on

the timing of that increase, although the president may wish to have the ritual outrage of some constituents well behind him in the run up to November's House and Senate elections. Yet, for the moment at least, both do seem to be in their opinion that interest rates must remain a lever for domestic demand management, not for attempted manipulation of the dollar.

Recent growth

Yet many would cite domestic reasons for lifting that lever as soon as possible. In addition to the buoyant employment figures, for example, capacity utilisation is reaching levels that have historically triggered inflation. Against such capacity pessimism is a currently fashionable view that recent growth in productivity, combined with rapid equipment investment, over the last 18 months is overturning historical truths about US economic capacity.

Prices and wages may not continue to support such optimism, but last week's figures - flat producer prices with a slight rise in consumer prices - did not indicate the need for a drastic correction. In other words, the Federal Reserve chairman was given few domestic excuses for raising rates now rather than at the next time the FOMC meets on August 16.

Where the line between domestic and foreign fundamentals is getting increasingly hard to draw is with regard to the third - and shakiest - leg of the Clinton case for the dollar, namely, the balance of payments. It is the coincidence of two events, one familiar, the other unprecedented, which has caused the trouble. The familiar one is US structural current account deficits, exacerbated by faster domestic growth than in its trading partners. As in the early 1980s, this leaves the US needing to attract foreign capital equivalent to about 2% per cent of GDP to balance the books. What is unique about the current situation is that the need for foreign funding does not end there. Funds must also be found to offset the \$100bn of capital the US is currently sending abroad, compared to an average of only \$10bn a year in the 1980s.

Mr Clinton may be right to argue that the flight from the dollar has been overdue. But he cannot be as confident as he sounds that the fundamentals are on the dollar's side. Its plight is a reminder of long-standing US weaknesses. The world's largest economy is trying to achieve rapidly rising individual incomes with a net saving rate of around 2 per cent. Mr Clinton should tell Congress it cannot be done.

This kerfuffle about salaries is a peculiarly British thing, said Mr John Bellak, once chairman of Severn Trent Water and recipient of a £512,626 pay-off last year. He was reflecting from the Carlton Club in London on the latest arguments about pay, pensions and share options that are swirling around the water and electricity distribution companies, four years on from privatisation.

Some critics charge that the executives of the privatised companies are former civil servants who have managed to get their hands in the honey pot; supporters claim that they are overworked managers battling away in complex industries, whose personal merits are only now beginning to be recognised.

The extremes of the debate are crude, of course, and do not address directly the question of whether reward should be matched to performance. But as annual reports have trickled out recently, and the small print at the back has revealed details of remuneration and pay-offs, critics have become more outspoken: the rewards have been outstripping performance, they say.

In the Commons, warning to the theme that privatisation has turned into a swindle against consumers, Mrs Margaret Beckett, acting Labour leader, asked the prime minister this week: "How can you defend the fact that the chairman of North West Water got £47,000 a year before privatisation and now he gets £338,000?"

Mr John Major defended the water privatisation programme and said directors should abide by the government's strict limits on pay increases for public sector workers. Meanwhile, Mr David Hunt, employment secretary, has been telling executives that those who climb to the top of the ladder should be mindful of their responsibilities to others.

Water and electricity executives might have had an easier time fending off their critics but for three factors: the recession, lay-offs in the privatised industries, and larger bills for consumers. "For a lot of people, when they come into the industry, what really hits them is that they're in a goldfish bowl," said Mr Bryan Townsend, chairman of Midlands Electricity.

Those looking into the bowl see plumper and more valuable shares than in recent years. This is true even in the goldfish bowl of Scotland, where, as in the case of Scottish Power and Scottish HydroElectric, the privatisations were priced more parsimoniously than the English electricity companies, and where the chairman and senior executives have been a little more restrained in taking salary increases than some of their English peers. None the less, the rises were substantial.

Mr Ian Preston, chief executive of Scottish Power, has seen his pay rise from £93,175 before privatisation in 1991 to £265,518 in 1993-94. Sir Donald Miller, Scottish Power's first chairman, saw his pay increase from £75,873 in 1990 to £203,192 in 1992, the year he retired.

In England, at Northern Electric, the salary of Mr David Morris, chairman, went up in the last financial year to £208,000; it was £72,151 in 1989-90. At Northumbrian Water, Mr David Cranston, the chief executive, earned £150,000 in the last financial year, three times more than the company's managing director at the time of flotation.

On top of their salaries, most directors and senior executives of the privatised companies have been

It's better when you're private

Are the salaries of bosses in former UK public utilities justified, ask FT writers

The utility bosses: cashing in



Sir Desmond Pitcher
chairman of North West Water.
Previous chairman at privatisation
earned £47,000



Bryan Townsend
chairman of Midlands Electricity
Pre-privatisation salary £82,270
"at 31.3.1993"



John Bellak
ex-chairman of Severn Trent Water
£512,626 compensation for
early retirement; £404,829 for early
termination of service contract and
£107,797 for future pension
payments. Salary was £230,300

granted options to buy shares at a specific price. There is nothing unusual in this practice: it is a common method of aligning hopes of personal fortune to corporate performance. But the bonanza has led to growing calls from the Labour party for an independent inquiry into the way the utilities are regulated.

At Swalec, the south Wales electricity company, Mr Wynford Evans, chairman, has exercised options on 11,510 shares, making a paper profit of just under £500,000. Mr Henry Casley, chief executive, and two other directors of Southern Electricity, had paper profits of more than £1m in total on the exercise of 240,000 share options. The departure last year of Midlands Electricity's managing director, Mr Richard Young, was made more comfortable by his possession of options which could provide a paper profit of more than £500,000.

There is no doubt that, as one City utilities expert put it, "many of the privatised company executives have gone from being moderately comfortable businessmen in three or four years." But the qualification of the adjectives is significant. As the observer noted: "There are plenty of 30-year-olds in the City making more money than these guys."

The amounts involved are trivial compared with the sums made by property entrepreneurs in 1989-90, when values were surging. But the privatised utilities' executives are a more cautious breed, trained to make technical decisions rather than to play percentages.

"When we were privatised - the 12 English electricity companies - the 12 of us were both chairmen and

chief executives. Eleven of us were long term in the industry, 10 were engineers," recalled Mr Townsend. Now the roles of chairman and chief executive have been split and "virtually all the chief executives are engineers, not all of them from inside the industry".

They have in common the fact that they seem obsessed with work. Mr Alan Smith, managing director of Anglian Water, said he had never worked harder, never worked longer and never worried more than in the years since privatisation.

'Many executives have gone from being comfortable engineers to wealthy businessmen in three or four years'

Sir Desmond Pitcher, the subject of Mr Beckett's ire as chairman of North West Water, uses the golf course and opera house as an extension of his office. "He just hasn't time to be a playboy or anything like that," said a colleague.

Mr John Seed, chief executive of SWEB, the south-west electricity company, started work on Thursday at 7am, finished at midnight and was starting work again yesterday at 6am.

There is little evidence that the higher salaries and the grant of share options has turned the technocrats into hedonists. "After privatisation my salary increased significantly, but I did not buy a bigger house or car. My life did not really

change," said Mr Walter Waring, managing director of Eastern Electricity until 1992.

Such modesty is characteristic. Sir Donald Miller formerly of Scottish Power has a yacht but did not bother to upgrade it when he moved off nationalised industry pay. Mr Bellak has a rambling country house in Staffordshire, but he owned it before he joined Severn Trent. Mr Preston, also of Scottish Power, who was taking a day off fishing yesterday, "has a smaller house in Glasgow than I have", said a colleague, "and a little cottage in Dumfriesshire". Mr Townsend pointed out: "The big difference is when you retire - if you look at the situation under the old regime, we wouldn't have been very well off at all."

Yet, for all their rather mundane aspirations, the executives and directors of the privatised utilities often attract venom. At the political level, the disparity between their good fortune and the misfortune of those made poor by recession is an easy target. In the City there are expressions of unease at their salary levels.

"These companies were privatised on the cheap as the merchant banks did a good job of persuading the government how little they were worth. They were then given an extremely relaxed regulatory regime as privatised monopolies. The directors were given a wodge of share options and the ability to sack people, so they got large increases in their share prices. So everyone's a millionaire," said a senior fund manager.

The executives in the privatised industries would say this is a gross

exaggeration. They are not defensive about their pay packages. "I would never have come here for £40,000," asserted Mr Michael Hoffmann, chief executive of Thames Water, who joined the company nine months before privatisation. "And I would never have recruited top people into other positions if the company did not pay them proper competitive salaries."

Attracting top talent through salaries that compete with the private sector has been a crucial issue since the mid-1980s, when the government was seeking to strengthen the management of the state utilities. Often the incoming managers took pay cuts on the assumption that, as the state utilities absorbed private sector practices, the pay position would be redressed.

Mr Waring argued that one reason for the pay rises of the past three years was the government's refusal to pay a fair salary in the public sector. It was common for senior staff reporting to him to be paid 10 per cent more than directors. "There were discussions with government about adjusting salaries before privatisation, but they would not do it," he recalled.

After privatisation, as the water and electricity companies went into the market for new staff, they had to pay market rates. This had a ratcheting effect, as the wages of existing staff were brought into line with the newcomers.

The arrival of new staff was only one element of the changes which took place in the state utilities in the period before and immediately after privatisation. "As a nationalised industry, we had one paymaster. These days we have to explain our strategy and requirements to a wider public," said Mr John Tysoe, for the last year non-executive chairman of Yorkshire Electricity. That wider public includes shareholders, City institutions such as merchant banks, the regulators and the customer; it is not as cosy as being an old-fashioned water authority.

This wider range of functions is offered as one justification for executives for their higher salary rates. They also cite the more complex nature of their business. With finite profits from their regulated, mainstream activities, the companies have been diversifying into unregulated businesses such as power generation abroad, and waste disposal. So new and wider skills have been required.

South West Water hired Mr Keith Court and Mr William Fraser as chairman and managing director just before privatisation. They have not had a pay rise since but, said the company, "they were recruited for their extensive international business experience to manage huge capital programmes and to deliver to budget, and on time. It was understood that, if they could deliver, then the rewards would follow."

What these rewards will be is not clear. In industries where, as Mr Bellak noted, "different companies are developing different personalities", the levels of payment will remain a source of contentious debate. As they look out of the goldfish bowl, Mr Court and Mr Fraser will know that, in the interests of peace and quiet, they will have to be able to justify every penny in their pay cheques.

Report by Roland Adenburgham, James Buxton, Paul Cheseryght, Stuart Dalby, Ian Hamilton Fussy, William Lewis, Chris Tighe

MAN IN THE NEWS: Jacques Santer, the next president of the European Commission

Mr Jacques Santer is known as the man who never says no. Nicknamed "Smiling Jacques" or "Champagne Jacques", the long-serving prime minister of Luxembourg, who was selected yesterday as the next president of the European Commission, is a low-key operator who avoids confrontation and specialises in forging compromise.

By drifting towards Mr Santer - who was nobody's first choice in the contest for Commission president - European Union leaders could not have chosen a more different character from Mr Jacques Delors, the volatile visionary who has been at its head for the past 10 years. History will show that they have made an important statement about the future direction of the EU.

The Santer Commission signals a period of consolidation in the process of integration in Europe, a pause for breath after the bold leaps forward marked by the Single European Market, the European Economic Area, and the grand design for European monetary and political union - all of which bore Mr Delors' indelible stamp.

The risk that Mr Santer's appointment will weaken the institutional power and political leadership role of the European Commission is serious, though senior EU diplomats cautioned yesterday that it is premature to pass judgment.

Much will depend on the quality of the Santer team and the degree of support the new president can expect from the Franco-German axis, a crucial factor in Mr Delors' success in the late 1980s, when he became synonymous with Mr Europe. It will also depend on whether Mr Santer, like Mr Delors, can grow in the job during the five-

year term which he starts on January 5 next year.

Born in the small Luxembourg town of Wasserbillig in 1937, Mr Santer, 57, has spent almost all his life in the Grand Duchy of Luxembourg. His mighty micro-state has deftly exploited free trade, open borders and a favourable tax regime to build a thriving economy near the centre of a single European market of 540m people.

Mr Santer's political career took off in 1972 when he was appointed secretary of state for cultural and social affairs. He became leader of his Social Christian party in 1972, a post which he held until 1982. Long standing in the shadow of Prime Minister Pierre Werner, the intellectual godfather of European monetary union, Mr Santer waited patiently for the top job which he took over in 1984, having held several ministerial posts, including finance.

Mr Santer has won re-election three times, most recently in last month's poll. Asked about his strengths, an old schoolfriend who has kept in touch with the prime minister, said:

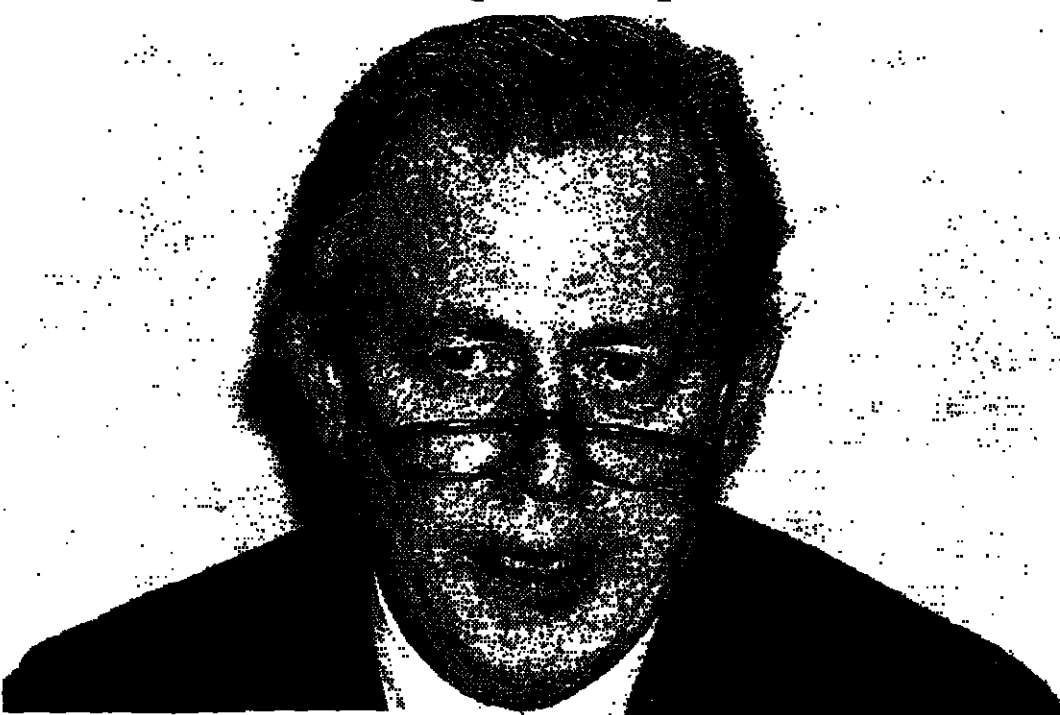
"He is not a slave to his work. He does not sit at his desk from 6am to 10pm thinking he is the most important person in the country. You meet him everywhere, at each party. He is accessible to everyone."

Another colleague who knows Mr Santer well said that the prime minister is a good delegator, with a light touch and a tough streak. "He will never say no, but that does not mean he lets himself be pushed around."

Mr Santer's appointment has evoked memories of the selection of Mr Gaston Thorn as president of the European Commission in 1980. Mr Thorn, himself a former Luxembourg prime minister, took over from Lord Jenkins, the former Labour cabinet minister, and served

Brussels' beguiling new Bürgermeister

Lionel Barber on the Luxembourg prime minister chosen to replace Jacques Delors



without distinction. Mr Thorn was overshadowed by Viscount Etienne Davignon, the powerful industry commissioner, and many predict that a similar fate could await Mr Santer should heavyweights such as Sir Leon Brittan, the chief EU trade negotiator, retain their posts.

Yet Luxembourgians who know both Mr Santer and Mr Thorn argue that the comparisons between the

two men are flawed. "Thorn was a tough guy who had been chairman of the United Nations general assembly, but he was a poor prime minister of Luxembourg. Santer is a nice guy who has done a very good job here."

Mr Santer's record on the European stage is easily underestimated. In 1985, he chaired the negotiations leading to the Single European Act, playing a useful role in persuading

the then British prime minister, Mrs Margaret Thatcher, to drop her reservations about the move towards more majority voting on EU laws. He argued, successfully, that the loss of sovereignty was worth exchanging for the prize of a barrier-free internal market.

It was during Luxembourg's six-month presidency of the European Union in 1991 that much of the

groundwork was done for the Maastricht treaty on political and monetary union. British officials recall that Mr Santer and his team stood out in favour of the "pillar system" - the term used to describe the separation of supranational decision-making (trade, agriculture, competition policy) and looser inter-governmental co-operation on foreign policy, defence, justice and immigration.

Mr Santer is a federalist - but only if it means preserving local and national powers in sensitive areas. He prefers the old Treaty of Rome term, "European Community", to the new, Maastricht-inspired "European Union", which implies not so much about loose co-operation and more about the direction of integration. "The big difference with Delors is that Santer does not come from the French centralising tradition," says a colleague of the prime minister.

As Mr Santer told the Luxembourg newspaper *Wort* this week: "For me, federalism is the opposite of centralism. To help the process of European integration does not mean to usher in a Napoleonic Europe. The more Europe is decentralised, the stronger it is."

Such sentiments will endear him not only to British Euro-sceptics, but also to the foes of Brussels centralism who have become more vocal in France, Germany and Italy since the agreement on the Maastricht treaty in December 1991. His political beliefs spring from a deep conviction that Luxembourg has thrived in the EU, precisely because it has avoided being submerged by a central authority or swamped by its larger neighbours, France and Germany.

This conviction explains the Grand Duchy's resistance to German-led calls for an EU-wide withholding tax, which would mean

Luxembourgers predict that Mr Santer will be more independent than expected as president

scrapping the tax privileges offered to foreign savers (and stemming the flow of Deutschmarks into Luxembourg).

Mr Santer has made clear that Luxembourg will only agree to a new harmonised tax if it is extended to other OECD tax havens such as the Channel Islands, Gibraltar, Liechtenstein, Monaco, and Switzerland.

"There will be no deal between Mr Santer and Chancellor Kohl on withholding tax," predicts Mr Lucien Thiel, general manager of the Luxembourg Bankers Association.

Luxembourgers predict that Mr Santer will be a little more independent than expected, if only because he has been a member of the exclusive club of the 12 heads of EU government (known as the European Council) since 1985. "He will listen to the big chiefs, but he will not be a puppet on the string of Helmut Kohl and [French President] Francois Mitterrand," said a colleague.

Still, there is an unaccustomed air of disbelief that a country with only 400,000 people has supplied a second president of the Commission in 14 years. Some fear a backlash against Luxembourg, which is already over-represented in terms of institutions and voting weights in EU decision-making.

"A new Bürgermeister is coming to Brussels," summed up one Commission official yesterday.

In fairness, Luxembourg is merely fulfilling its historical role. In the Middle Ages, several counts from the House of Luxembourg were called upon to serve as successive German emperors, because they were compromise candidates who came from a country which did not represent a threat to the Greater Powers.

As Mr Delors might say: "Plus ça change en Europe."

Storms in a coffee cup

Alison Maitland looks at the effect of severe frost in Brazil

Coffee drinkers in Europe and the US may find the prospect of up to 50 per cent rises in the price of a packet of ground beans a little galling. For Brazilian coffee farmers who have lost some or all of their plantations, the frosts that have sent the coffee market into a frenzy this week have been little short of disasters.

Both farmers and consumers are losers on the coffee market's wheel of fortune. On the winning side are commodity speculators who have made millions of dollars as prices surged, and coffee growers unaffected by the frost whose future profits may be helped. The combination of last weekend's severe frost with another fortnight earlier is believed to have been unprecedented in Brazil, the world's largest producer. The damage to the crop that will be harvested this time next year is expected to be the worst since a bitter frost in 1975 destroyed more than two-thirds of Brazil's production.

The prospect of a squeeze on supplies sent prices soaring: in London, robusta beans for delivery in September rose to \$4,000 a tonne, 330 per cent higher than at the end of last year. Even before the frosts, however, the market had climbed nearly 100 per cent this year, driven by supply shortages, dwindling consumer stocks and speculative interest.

The rise has been all the more remarkable because prices have been depressed for the past four years. Last October the main producing countries began withholding supplies to try to revive the market. The agreement gave the market an initial boost, and it then gained fresh momentum this year. US investment funds provided some of the impetus, though Mr Robert MacArthur, head of trading in tropical products at Merrill Lynch, the US investment bank, in London, says many took profits at the end of May, when New York arabica futures became volatile. He estimates their well-timed flirtation with the market netted between \$750m and \$1bn - even though they missed the frost-driven rally.

Coffee drinkers have not been so fortunate. The latest surge in world prices signalled the end of a period when the self-induced insomnia was cheap, though retail price changes tend to lag behind world bean prices because manufacturers buy stocks four or more months in advance. Continental European drinkers, who usually prefer ground coffee, should see the biggest price jump: raw beans account for a lower proportion of the cost of instant coffee, where production and advertising outweigh the price of the beans in a jar (see graphic).

Nestlé this week raised ground coffee prices in the US by 13 per cent, and instant coffee by 10 per cent. In Germany some roasters marked up ground coffee prices by 25 per cent and forecast the total

increase in coming months could be 50 per cent.

Douwe Egberts, the leading brand in the Netherlands, Belgium and Spain, has raised the price of a 250g pack of ground coffee by 26 per cent since January and further rises are possible. Mr Herman Bouwman, director of corporate communications, says this year's increases have had no impact on sales and points out that retail prices are rising from a low point. A pack of medium-quality Douwe Egberts coffee in the Netherlands today costs £13.40, compared with £16.50 in 1977, two years after the devastating frost in Brazil.

In the UK, where the market is dominated by instant coffee, prices are forecast by the industry to rise by a further 15 per cent to 20 per cent in the autumn after increases of more than 10 per cent so far this year. Nestlé, which has 58 per cent of the UK instant coffee market, points out that the average price of a 100g jar of Nescafé had remained at £1.39 for four years until January. The price had fallen by 13 per cent when world prices plummeted 60 per cent following the breakdown in 1989 of an export quota pact between producer and consumer countries.

Not surprisingly, Nestlé does not think the latest increases will kill the UK taste for coffee. "Ten to 15 years ago, we drank four cups of tea for every cup of coffee," said Mr Mick Casey, a Nestlé spokesman. "Now for every cup of coffee, it's just over two cups of tea."

He adds there was "no consumer resistance" to the 12 per cent rise in the price of Nescafé in January - though producers are not so sanguine about consumers' response in emerging markets such as eastern Europe.

Moreover, the upward pressure on prices may not last. World coffee producers could be tempted by high prices to expand output and improve productivity, which some producers fear would lead to a repeat of the "boom and bust" cycle. New plants take about three years to produce a crop, so farmers planting now may have only a couple of years before overproduction pushes prices down again.

"The farmers lose in the short term as most have already sold their crops for this year. In the long term they lose because of the short-lived nature of the price rises," said Mr Richard Hild, coffee buyer for Cafédirect, a fair trading organisation which guarantees its farmers a minimum price.

Cafédirect is backing calls from producer countries for a revival of an international agreement to stabilise the market by setting target prices and operating supply controls.

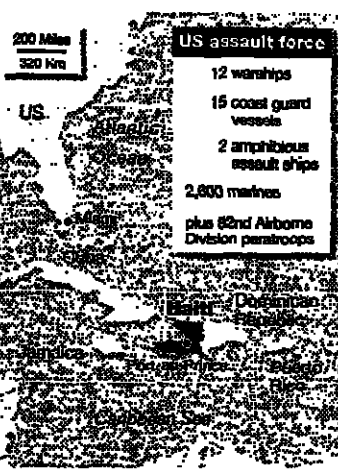
But consumer countries, led by the US, have shown no eagerness to discuss such proposals. Trade negotiators argue international pacts bring pressure for higher prices for producers rather than stable prices for consumers. The coffee market's roller-coaster looks set to hurtle on.

Retail price: 154 pence
Raw coffee 30p (19%)
Production & packaging 32p (21%)
Marketing & administration 46p (30%)
Retail margin 15p (10%)
Profit before tax & interest 31p (20%)

Estimates are before Brazilian frost spots. Source: Market Research, South West Coast

US policy options over Haiti are increasingly pointing down the path of invasion, says Jeremy Kahn

No sign of comfort in the south



Watershed: US coast guards rescue Haitian migrants off the coast of Haiti

For the Clinton administration, about the only good news to come out of Haiti's capital, Port-au-Prince, this week was reports of bad weather. Rough seas buffeted the coast of the troubled Caribbean nation, slowing the tide of boat people and granting the White House the time it desperately needs to shore up its Haiti policy.

The island has nettled President Bill Clinton since he took office in January 1993, forcing on him numerous about-turns. As more than 1,000 Haitians a day take to boats to escape deepening economic hardship and political repression, solutions to the crisis are fast running out.

Even as Mr Clinton toured Europe this week, the outflow nation 700 miles from the US coast was demanding his attention. US backing for the United Nations' trade embargo has so far failed to oust the military regime of Lt Gen Raoul Cedras, which overthrew elected President Jean-Bertrand Aristide in September 1991, and to return Mr Aristide as leader.

Lt Gen Cedras remains defiant. This week, he ordered 104 UN observers out of the country as they were reporting increasing human rights abuses - including political murders and rape.

If sanctions do not force Lt Gen Cedras to step down soon, pressure may mount for the US to do more than commit itself to leading a multinational force to police Haiti if Mr Aristide is returned to power. Two considerations are propelling the US towards invading the country of 5.5m: first, the swelling numbers of refugees, and second, the deteriorating human rights conditions in Haiti.

"There are not any other politically attractive options short of military intervention," said Mr Eric Melby, a former National Security Council staff member under President George Bush. Mr Anthony Lake, Mr Clinton's chief national security adviser, has said invasion appears inevitable.

The US administration has stepped up its rhetoric in recent days, issuing thinly veiled threats of military action. Pentagon officials acknowledge the military has already drawn up and rehearsed detailed contingency plans for military action.

With a four-hour amphibious assault group offshore, ostensibly ready to evacuate US citizens or other foreigners, the US could be ready to invade this weekend, when a command and control ship arrives to lead the assault group. But officials have said privately an invasion is more likely in early August, when the US Congress - hesitant, like the American people about the human and financial costs of military intervention - is in recess and thus unlikely to cause political embarrassment for Mr Clinton.

The invasion would probably begin in darkness, as special forces move to secure the airport, presidential palace, radio station and port facilities in Port-au-Prince, according to Mr Daniel Gouré, deputy director for political-military studies at the Centre for Strategic and International Studies in Washington.

Following these units, the 2,600 Marines now off Haiti's coast would come ashore either by landing craft or helicopter to secure the capital. Mr Gouré said they would be reinforced by paratroopers, probably the US 82nd Airborne Division - and units trained in jungle warfare, which would be responsible for controlling the rest of the country.

Clinton administration officials have said it would take between 10,000 and 20,000 troops to capture the island. They would be likely to face little organised resistance from Haiti's ill-equipped and poorly trained army of 7,000.

It is the prospect of a prolonged presence in Haiti that most worries the Pentagon. Mr Gouré predicts the US would have to stay at least eight to 16 weeks, while a multinational peace-keeping force from Latin America and the Caribbean under UN auspices is organised and trained.

Mr Gouré, a former US ambassador to Haiti now with a Washington-based think-tank, said: "That is the least bad alternative."

However, state department officials said the idea is no longer under discussion and Mr William Gray, Mr Clinton's special adviser on Haiti, said the time to negotiate had passed.

Clinton administration officials have said it would take between 10,000 and 20,000 troops to capture the island. They would be likely to face little organised resistance from Haiti's ill-equipped and poorly trained army of 7,000.

It is the prospect of a prolonged presence in Haiti that most worries the Pentagon. Mr Gouré predicts the US would have to stay at least eight to 16 weeks, while a multinational peace-keeping force from Latin America and the Caribbean under UN auspices is organised and trained.

Mr Gouré, a former US ambassador to Haiti now with a Washington-based think-tank, said: "That is the least bad alternative."

However, state department officials said the idea is no longer under discussion and Mr William Gray, Mr Clinton's special adviser on Haiti, said the time to negotiate had passed.

Clinton administration officials have said it would take between 10,000 and 20,000 troops to capture the island. They would be likely to face little organised resistance from Haiti's ill-equipped and poorly trained army of 7,000.

It is the prospect of a prolonged presence in Haiti that most worries the Pentagon. Mr Gouré predicts the US would have to stay at least eight to 16 weeks, while a multinational peace-keeping force from Latin America and the Caribbean under UN auspices is organised and trained.

Mr Gouré, a former US ambassador to Haiti now with a Washington-based think-tank, said: "That is the least bad alternative."

However, state department officials said the idea is no longer under discussion and Mr William Gray, Mr Clinton's special adviser on Haiti, said the time to negotiate had passed.

English local government is about to go back to the future - or, more accurately, forward to the past.

The result of Sir John Bannister's Local Government Commission, the agency in charge of planning the reorganisation of English councils, looks increasingly likely to be the restoration of the system as it was before 1974, when local maps were redrawn.

That outcome might not seem obvious from the controversial recommendations the commission has made so far. But with proposals for 33 of the 38 English shire counties published, the "survival of county councils, albeit in some cases without their largest towns, is now probable across much of the country. Some 30 large towns and cities seem set to take over all local government functions for their citizens, in effect restoring the old county boroughs swept away in 1974.

Ministers are startled by this prospect. They intended the commission to be the engine of radical change. Both Mr Michael Heseltine, who set up the commission when environment secretary in 1991, and his successor, Mr John Gummer, favoured a nationwide system of unitary councils which combined the functions of counties and districts.

But the mechanism chosen for drawing up reform plans now looks almost designed to ensure ministers' grandiose ambitions would not be realised. Learning from the unpopular 1974 reorganisation, handled by a royal commission, Mr Heseltine decided the approach this time should be consultative, treating each county individually.

Superficially, the commission has drawn up a plan in line with Mr Heseltine's original intentions, recommending

Town hall trench tactics

John Authers on the (lack of) upheaval in English councils

That 22 county councils that should be replaced by unitaries. But it is clear such radical change will not happen: the commission has failed to find much support for unitary councils and has said the status quo should be an option in 13 of the counties recommended for abolition.

Where change is likely is in towns which would regain county borough status under the commission's proposals and the fastest-growing newer towns, such as Milton Keynes and Swindon, which will be added to that list, mostly with support from residents.

There is also a consensus in other areas in favour of unpeeling the 1974 changes. All counties created by the 1974 reorganisation, such as Avon and Humberside, have been recommended for abolition, while Herefordshire, Huntingdonshire and Rutland, which disappeared in 1974, would be reinstated.

But the commission hit problems when it tried to construct unitary authorities outside cities. It believes a minimum population of 150,000 is needed to make a unitary authority financially viable. In rural areas, that requires a large geographical area. For example, the proposed unitary version of the North Riding of Yorkshire would merge four district councils and stretch almost from the North Sea to the Irish Sea - dubbed "Shambleshire" by the Association of District Councils.

Mrs Ann Levis, the commis-

sioner with responsibility for Northumberland, said 48 per cent of local people had supported unitary authorities in principle, but "when you give them something specific the principle fades slightly".

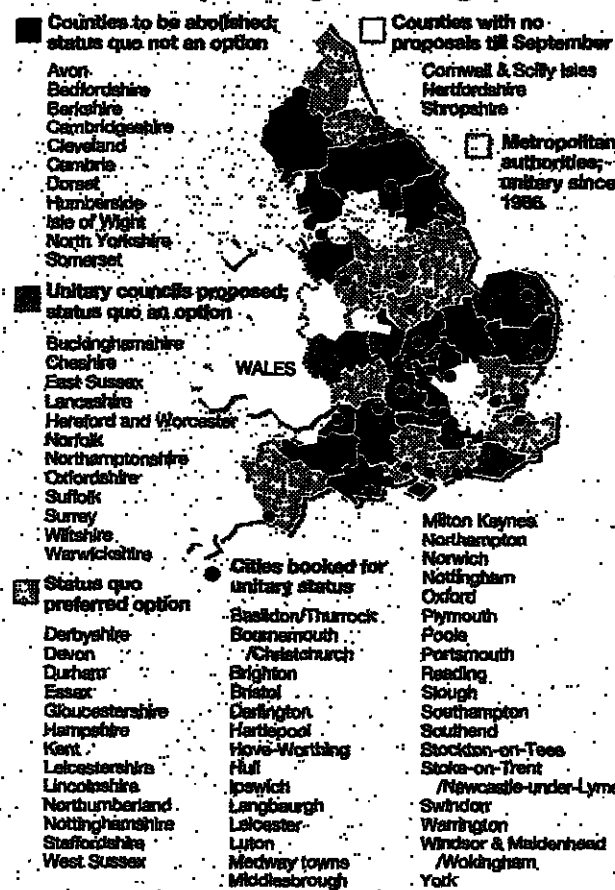
This week saw the formation of the Save Oxfordshire's Southern Borders Campaign, which objects to a proposal that a unitary Reading authority should include part of Oxfordshire. The Campaign for Cornwall - one of the three counties for which proposals have not been announced - is already trying to persuade the commission that splitting the county would "undermine the strength of Cornwall's voice" and leave the county "vulnerable to territorial expansion by Plymouth".

Birmingham University's Institute of Local Government Studies says the commission's attempt to find unitary solutions is leading it "to argue the case for a size of authority which will often neither reflect local community identity nor be able to carry out strategic functions".

Another obstacle to creating unitaries is the cost. Initially ministers assumed reorganisation would save money. But the commission's own estimates suggest that some of its "first-choice" proposals for restructuring counties into unitaries could be prohibitively expensive. For example, its proposal to cut Surrey into five unitaries could cost as much as \$44m, with annual savings of only £1m.

Conservative grandees also oppose reform. Mr Douglas Hurd, foreign secretary and an

Banham's map for English local government



The review has also run into an unexpected strong political opposition, which bears similarities to the unholy alliance of unions and traditionalists which thwarted proposals for Sunday trading. Local government unions are opposed to the review because they believe it would fragment local

Oxfordshire MP, supports the status quo in the county. All four Somerset Conservative MPs, including Mr Tom King, former defence secretary, oppose abolishing the county. The commission also seems to have doubts about reorganisation. Sir John himself says: "Any reorganisation costs more and delivers less than its proponents suggest."

If the status quo emerges as a popular option after the extensive consultative exercise on which it is now embarking (leaflets are being sent to every household), the commission could drop its main recommendations for changes without embarrassment. Sir John clearly believes this could happen. "In all the surveys we've done, the level of popular support for unitary districts in shire England is very low indeed," he said last month. "People in shire districts do not want to see a Balkanisation of local government."

Perhaps significantly, ministers have recently gone quiet about their desire for unitary councils. The review was a hopeless vehicle to deliver it in any case. As one commissioner put it: "A leisurely review like this might have been used for some tinkering at the edges, but it would be impossible to push through anything more radical. Opponents will have plenty of opportunities to try to block changes when they are debated individually in Parliament."

As a result, the new local government map will almost certainly be very different from the one ministers had in mind. But as it is due to be implemented at about the time of the next general election they may be grateful that the commission has offered an escape route from the original plan for root-and-branch reform.

Technology is road to wealth creation in long term

From Dr Neil A Downie

Sir, In his article "Innovation Technology" (Economic Eye, July 11) Guy de Jonquieres expresses doubts about the value of new technology. Surely he would agree, however, that new technology - created by R&D - is the only long-term source of wealth creation.

After a few decades of development, industry based on a single unchanging technology approaches a plateau of efficiency, and the cost and performance of a manufacture plateau too. Without the necessary (but not, I agree, sufficient) condition of new technology coming along, long-term prospects are invariably limited.

It is possible for individual companies to flourish without new technology if they are looking for short-term gains, or if they are small niche firms. (No doubt a stone-age manufacturing plant could still today be made a paying proposition). These possibilities have a tendency to blind us to the essential role of new technology in wealth creation.

For the large firms, those looking for long-term advantage, and for nation states, new technology is essential. On a national level, for example, high technology companies are very important. In my own sector, that of semiconductor equipment manufacture, UK companies typically export 75 per cent of their sales.

The fact that worldwide governments feel the need to inject taxpayers' money into it is a reflection of the importance of new technology, and the failure of private industry to invest in it sufficiently.

I fear for the future of UK industry if we carry on as we are: we have many companies bent on short-term returns and ignoring investment in new technology, and at the same time, we have government policy decisions which are withdrawing taxpayers' money too. Neil A Downie, JEMI UK, 4 Church Cottages, Weybridge Road, Addlestone, Surrey

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

UK government's plans for senior civil servants unwise and should be scrapped

From Sir Michael Franklin

Sir, You are right in saying ("Politicians and civil servants", July 14) that the government's White Paper needs to be judged by "the degree to which it preserves a non-political civil service that can serve governments of any persuasion".

If there is a change of government at the next general election, incoming ministers will be advised by senior civil servants, who will by then

have served a government of the same political persuasion for an uninterrupted 17 years. They will be willing and able to give unbiased advice. But anything which has happened to reduce their traditional independence can only add to the suspicion which they will inevitably face from a new government. It would thus be most unwise to weaken the tenure of senior civil servants at this stage. Even a strengthened appeal procedure would be a

much less effective safeguard of independence than the present appointments system.

Furthermore, the comparison between the role of senior civil servants and heads of leading businesses - never very exact - becomes less and less meaningful as more civil service functions are hired-off or privatised. The role of the senior civil servant will be less the management of large departments and more the traditional ones of offering dis-

interested advice to ministers and watching over the public interest. There is therefore no need to introduce procedures which are appropriate to the private sector but which carry grave risks of political interference if applied to senior civil servants. This part of the government's plans should be scrapped. Michael Franklin, 15 Colley Lane, Barnet, Hertfordshire EN5 4AR

Harrods Bank independently managed, but owned by the store

From Mr Michael Cole

Sir, Harrods Bank is and always has been owned by the department store, Harrods Limited, contrary to your report of July 13 ("Harrods' new bank manager").

Since 1991 the bank has been independently managed through a trustee, Law Debenture Trust Corporation, but has continued to offer a full banking service to our customers. The change followed the

publication in 1990 of the Department of Trade and Industry report into the takeover of the House of Fraser, the validity of which we have never accepted and which we are challenging before the

European Court of Human Rights. Michael Cole, director of public affairs, Harrods, 87-135 Brompton Road, London SW1X 1TL

No complaints, whatever the 'human need'

From Mr Ernest O Gobert

Sir, I congratulate John Willman on his "dispensation of a biblical text" to the bishop of Birmingham ("Judge not, that ye be not judged", July 9). The bishop obviously aspires to the sort of health service that existed in former socialist countries like East Germany. Allow me to relate a story I heard in Berlin the other day.

Unwell lady in what East Berlin to a friend in West Berlin: "I got my appointment with the specialist for last Wednesday at 9 am. I sat there all day. At 6 pm they told me to make another appointment."

Lady from West Berlin: "Did you not complain?" Answer: "It would not be allowed. A pause. 'Would it?' That is how an all-powerful state treats its citizens. Even after four years of being allowed to complain they are still afraid to complain. And so much for the bishop's 'basis of a human need'."

I do recommend a trip to east Germany to anybody who wants to do away with the "morally wrong and unchristian culture of competition". It is an eye-opener.

Thank you, John Willman. Ernest Gobert, 3 Beechwood Drive, Marlow, Bucks, SL7 2DH

Not much use as defenders

From Mr K M R Price

Sir, Hugh Dickinson's article on the royal title of defender of the faith reveals a slight misunderstanding of the relevant history (Truth of the Matter, July 9/10). Neither Henry VIII nor the next 10 sovereigns made the slightest use of it. It was resurrected by the politi-

cians in support of George I and the protestant succession. Any continuity which it defers, or its variants, gives to the currency stretches back only to 1714. K M R Price, Shepherds Barn, Sheffield, Alcester, Warwickshire B49 6JW

COMPANY NEWS: UK

Hartstone £71m in the red and calls for £30m

By Simon Davies

Hartstone, the struggling hosiery and handbags group, yesterday launched a £30m rescue rights issue, after revealing a pre-tax loss of £70.7m for the year ended March 31.

The rights issue was long expected, as Hartstone had committed to repay £18m to its principal creditors by October, but the stock market reacted badly to the level of discount for the new shares. Hartstone's shares closed 10p lower at 24p.

The company's problems stemmed from its aggressive expansion into Europe just before the recession set in. It purchased 20 companies in a four year period, but failed to establish adequate financing and management controls.

Hartstone has been forced into a programme of asset disposals, under Mr Shaun Dowling, chairman, who was appointed in May 1993 to keep the company afloat.

The rights issue is designed to shore up the group's tattered balance sheet, reducing its gearing levels to within the permitted maximum level under its articles of association, and pay down its principal debt.

Mr Dowling said: "The rights issue will put the group on a stronger financial footing for the future and will allow the team to devote its attention to the development of the group's core businesses". This is primarily its leatherware business.

Hartstone is offering 215.6m new shares at 15p on a 2-for-1 basis. The issue is fully under-

written by Schroders.

Of the £30.3m proceeds, £15m will be repaid to creditors, and £15.3m will provide working capital. Charterhouse Bank has an option to subscribe for rights shares.

At the year end, the company had net borrowings of £82.6m with 23 banks. This was substantially below the 1993 level, but due to the write-down of assets gearing increased to 310 per cent. After the rights issue, gearing will fall to 63 per cent, with net debt of £31.8m.

Hartstone remained profitable at the operating level last year, and its problems stemmed from its disposal programme and the extent of its restructuring.

Turnover from continuing businesses rose by 6.5 per cent to £293.4m, although total turnover fell to £383.9m (£370.2m). The group's core businesses of Etienne Aigner and Michael Stevens in its leatherware division and Spanish hosiery subsidiary Aznar all remained highly profitable, and total operating profit before extraordinary items and interest amounted to £11.7m (£16.7m). Last time there was a pre-tax loss of £2.8m.

Hartstone paid £10.9m (£7.9m) of interest. Exceptional losses came to £71.5m (£18.7m), of which £50.9m represented the write-off of goodwill after disposals.

The company is proposing to pay a final dividend of 0.32p for the year to March 1995, but it will not pay a dividend for 1993-94. Losses per share amounted to 68.2p (12.4p).

Pelican achieves near threefold rise to £2.5m

By Simon Davies

Pelican Group, the highly acquisitive USQ-rated restaurant operator, yesterday revealed a close to threefold increase in pre-tax profits from \$908,000 to £2.5m for the year to March 31.

Organic growth came primarily from the rapid expansion of the Café Rouge chain, which now has 20 outlets within Greater London. Four more sites are currently under development and others are under negotiation.

Pelican also benefited from the acquisitions of three other chains last year. Yankee Noodle, Jim Thompsons Spice Island Trading, and US restaurant operator Café Tu Tu Tango. Overall, Pelican now operates 47 restaurants, compared with just 15 in May 1993.

Turnover more than doubled in the year to £16.47m (£8.08m), and it will show substantial growth in the current year following the £1.5m acquisition last April of 16 restaurants from Forte, including the Dome cafe.

In addition, it has just signed an agreement enabling Granada to set up diners at its 23 motorway service stations under Pelican's Rock Island Diner brand name. Pelican will receive a share of turnover, and the first restaurant, in Tamworth, Staffordshire, should open at the end of July.

Operating margins improved slightly to 16 per cent, but Mr Roger Myers, chairman, said Pelican aimed to maintain margins, and use the improved cost efficiency of the enlarged group to boost the restaurants' competitiveness.

During the current year Mr Myers said Pelican would focus on completing the expansion of the Café Rouge and Dome chains in Greater London.

Next year it plans to take its first steps in expanding beyond the M25, moving into southern England.

Pelican is proposing to lift the single final dividend by 14 per cent to 1.25p (1.1p).

Earnings per share rose by 22.5 per cent to 4.5p (4p). The shares closed 2p higher at 91p.

Kazakhs celebrate gold rush in style

By Kenneth Gooding in Auzov, Kazakhstan

Even by the demanding standards of the international mining industry, this has been a great party. Not one, but two public holidays were brought forward so that everyone in Auzov, a frontier town of 6,000 people, could celebrate in style the first gold "pour" from the new treatment plant at the Bakyrchik mine.

Out on Kazakhstan's north eastern steppes, 1,000 kms from the capital Almaty, in yurts - the felt tents used by central Asian nomads - about 200 Kazakh VIPs including several ministers, dined on local delicacies such as boiled sheep heads and fermented mares' milk.

And looking slightly incongruous in this setting were about 50 visitors from the City of London, watching the Kazakh horse racing, wrestling and other more exotic entertainments lasting through the night.

The London-based investors and analysts are here to reassess themselves about the Bakyrchik gold mine. In the past year £1.5m has been provided towards the first joint venture in the gold business between a western company and this newly independent former part of the Soviet Union.

The money was raised by Bakyrchik Gold, a company listed in London which has 40 per cent of the joint venture. Some of the proceeds have been used to raise annual gold output from the mine to 45,000 ounces but also for a feasibility study to see if modern mining and processing methods could boost Bakyrchik's production to 275,000 ounces.

Although it promises much - it is one of the world's biggest gold deposits with reserves of 8.5m ounces - conditions underground at the mine are extremely difficult. The ore is hard to process and contains arsenic.

The feasibility study shows the problems can be overcome. Before the year end Bakyrchik Gold is to go ahead with plans to lift production at a cost of £125m (£82.2m). Mr David Hooker, the chairman, says most of the money will be raised from shareholders because debt offered by banks would be expensive and the terms onerous.

Mr Nurulidin Nazerbayev, president of Kazakhstan, was expected to host a conference for the London investors last night to stress his personal interest in the project.

He wants it to succeed as Kazakhstan needs to increase gold production to provide backing for its fledgling currency, the tenge. He also wants more foreign investment in Kazakhstan, a country as vast as western Europe, stretching between Russia and China and richly endowed with natural resources.

Enough to give a one-legged stork an ulcer

Paul Abrahams on the problems for Glaxo as it faces an end to 15 years of growth

Glaxo is at the crossroads. During the 1980s the company was headed in one direction - forwards.

Its pre-tax profits galloped from \$66m in 1980 to £1.67bn in 1993, as a pharmaceutical also-ran was transformed into Europe's biggest drug group.

Growth was based on the philosophy of discovering novel medicines, proving they were safe and effective, and then convincing as many doctors as possible to prescribe them.

It was a philosophy no different from that adopted by other drug groups - Glaxo was just very good at implementing it.

The problem for Glaxo now is that its formula may no longer guarantee success. The relevance of the group's strategy has been thrown into doubt by the rapid deceleration in the world drugs market, where, according to IMS International, growth has slowed from 11 per cent in 1990 to 7 per cent last year.

Glaxo must now show it can adapt to this new lower-growth business.

But, so far, Sir Richard Sykes, chief executive, appears to have been left stuck on the starting block.

Since July last year, four of Sir Richard's rivals, Merck and Eli Lilly of the US, SmithKline Beecham, the Anglo-American group, and Roche of Switzerland, have spent more than \$18m (£11.8m) on acquisitions in an effort to position themselves in the new environment.

All the deals were designed to strengthen the groups' respective strategic positions. But the methods used to achieve this aim were very different.

Roche's \$5.3bn purchase of Syntex was a classic horizontal acquisition, giving the Swiss company greater weight in the US and expanding its product range in its traditional areas.

Merck's acquisition of the US distribution group Medco last July was, by contrast, truly revolutionary. It introduced the concept of vertical integration to the pharmaceuticals industry.

Medco is one of a number of the increasingly important pharmaceutical benefit management companies. PBMs control drugs spending through a variety of means, but, most importantly, through negotiating discounts and creating formularies which limit the

medicines doctors can prescribe.

Dr Roy Vagelos, Merck's chairman, claimed the deal would remodel not only Merck, but also the entire industry.

In part, this was because it would allow Merck to supply more of its products to Medco's patients. More importantly, it would permit Merck to collect data about the cost-effectiveness of its treatments - a vital factor in an increasingly cost-conscious health environment. Dr Vagelos' counterparts at SmithKline Beecham and Eli Lilly were sufficiently impressed by this strategy to acquire the remaining two significant PBMs, so effectively preventing Glaxo from following a similar route.

At Glaxo, Sir Richard's apparent paralysis is all the more perplexing because the company's immediate problems seem so acute.

Salomon Brothers are predicting that the group's profits will fall in 1996 and 1997, ending 15 years of unbroken growth.

The main reason for this possible profits fall is the gloomy prospects for Zantac, the world's top-selling drug, with sales last financial year of £2.17bn.

Zantac's very success has made the whole group vulnerable. Glaxo is dependent on Zantac for 44 per cent of group sales and probably more than 50 per cent of profits.

Glaxo has effectively become a one-legged stork, in the same way that Roche became dependent on Valium during the 1970s.

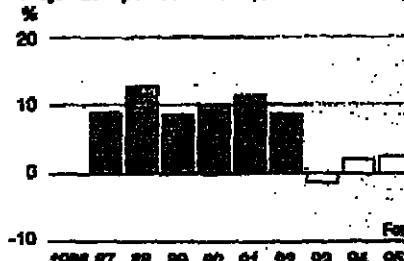
In the old environment, Glaxo's dependency on Zantac would not have mattered. Zantac and its revenues would probably have been secure until its US patents expired in 2002. Now, threats to the drug in the US are legion, and the net effect is that some analysts believe its sales could peak this year.

Faced with this threat, Sir Richard and his team now appear ready to consider possible strategic changes.

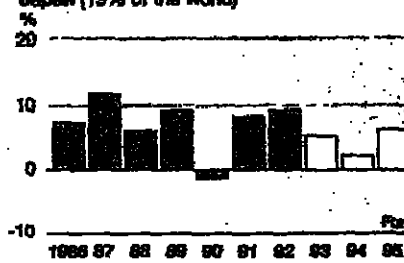
This conclusion has taken time. Mr Ernest Mario, Sir Richard's predecessor, is understood to have wanted to acquire another pharmaceutical company, an ambition that in part led to boardroom disagreement and Mr Mario's departure in March last year. The man perceived to be most opposed to a strategy change,

World pharmaceutical market growth

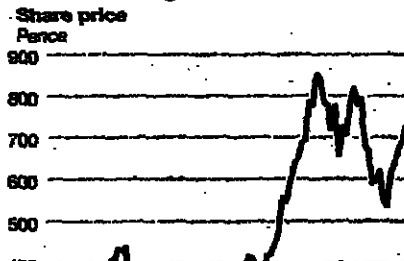
Major European markets (27% of the world)



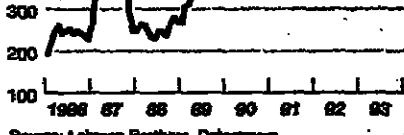
Japan (19% of the world)



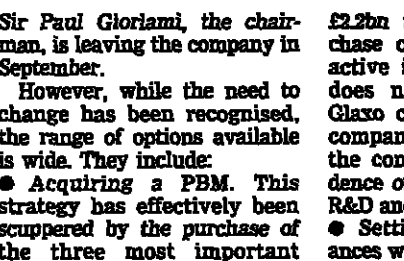
The World



Glaxo Holdings

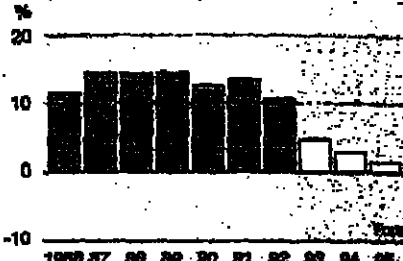


Pre-tax profits

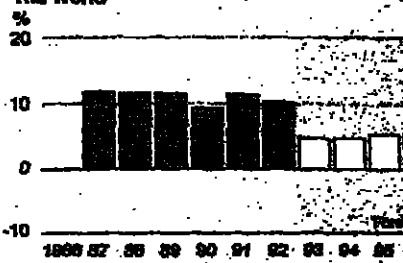


Source: Lehman Brothers, Debitstream

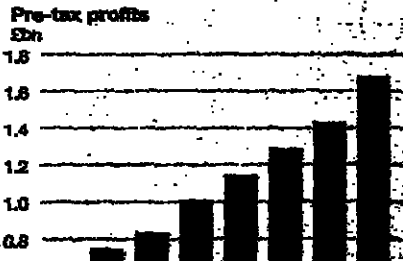
US (20% of the world)



The World



Glaxo year end profits



Source: Lehman Brothers, Debitstream

Sir Paul Gloriam, the chairman, is leaving the company in September.

However, while the need to change has been recognised, the range of options available is wide. They include:

- Acquiring a PBM. This strategy has effectively been scuppered by the purchase of the three most important PBMs by Merck, SmithKline Beecham, and Eli Lilly. In any case, most analysts argue that such a move would not be a sensible one for Glaxo. The company's chances of significantly increasing its share in the therapeutic areas where it is already a market leader remain poor, and would certainly not be worth the required investment.
- Buying another drugs company. Sir Richard could use his cash mountain of more than

£2.2bn to help fund the purchase of a smaller company, active in areas where Glaxo does not have a presence.

Glaxo could absorb the other company's sales and reduce the combined group's dependence on Zantac while cutting R&D and marketing overheads.

● Setting up strategic alliances with health management organisations in specific disease areas. These organisations pay for all healthcare costs for members for a set fee. They could provide Glaxo with data on the effectiveness of various treatments.

● Cost cutting. Some analysts are concerned that Glaxo's private medium-term market growth forecasts remain too high. Glaxo, with its outstanding product pipeline, expects to outperform the market.

The company could rationalise its US sales force. But if management has overestimated its future sales growth, the group could be forced to make hefty restructuring provisions.

Whatever direction Sir Richard and his team pick, there remain questions over the management's ability to implement change.

Glaxo's managers have been successfully focused on research, development and marketing. It remains unclear whether the company, accustomed only to growth, can cut deals and costs.

One option Sir Richard cannot afford is to stay stationary. The environment, particularly in the US, is changing too fast for continued inactivity.

The sign-posts are easy to read; choosing which one to follow is more difficult.

ASH ahead 19% but interim omitted

By Simon Davies

Automated Security (Holdings), the international electronic security systems company, yesterday revealed a 19 per cent increase in interim pre-tax profits, but announced that it would not pay an interim dividend.

This follows a furore over the 1993 interim dividend, which was paid in scrip form, but was not adjusted when the shares dropped after a profits warning.

The company said 64 per

cent of its shareholders held American Depositary Receipts, and preferred cash to be returned to shareholders.

The latest figures were adjusted for the restructuring of the company's \$4m (£3.5m) of stapled units, which have been replaced with a \$65m placement of debt.

Previously, interest charges on this debt had been accounted for as minority interests, but \$2m (£2.2m) was charged as interest in the latest interim profits.

Earnings per share amounted to 3p (2.1p).

from a recession-hit Californian market, with turnover rising only 0.1 per cent to £22.2m.

The latest figures were adjusted for the restructuring of the company's \$4m (£3.5m) of stapled units, which have been replaced with a \$65m placement of debt.

Previously, interest charges on this debt had been accounted for as minority interests, but \$2m (£2.2m) was charged as interest in the latest interim profits.

Earnings per share amounted to 3p (2.1p).

year, which will substantially reduce costs for its successful alarm verification units.

The latest figures were adjusted for the restructuring of the company's \$4m (£3.5m) of stapled units, which have been replaced with a \$65m placement of debt.

Previously, interest charges on this debt had been accounted for as minority interests, but \$2m (£2.2m) was charged as interest in the latest interim profits.

Earnings per share amounted to 3p (2.1p).

Price Waterhouse chief goes to Charterhouse

By Andrew Jack

Mr Howard Hyman, head of corporate finance at Price Waterhouse, the UK's fifth largest accountancy firm, is to become managing director of Charterhouse, the merchant bank.

The move will come as a blow to Price Waterhouse, which was planning to announce Mr Hyman's appointment as world head of corporate finance later this month.

Royal Bank of Scotland sold 90 per cent of its ownership of Charterhouse at a loss earlier this year, with the stakes going to Credit Commercial de France and Berliner Handels und Bank.

Mr Hyman, who is 44, will also become deputy chairman of Charterhouse Bank, the company's banking subsidiary.

He will be responsible for marketing and business development strategy, and the development of its European corporate finance network.

He has spent the last few years building up Price Waterhouse's pan-European corporate finance network.

He said negotiations for the move had started relatively recently and that he had been offered "a very attractive" remuneration package.

"My main aim is to build up the European side," he said.

Cardiff Property bid unconditional

Cardiff Property's revised offer for First Choice Estates has been declared unconditional, after acceptances were received in respect of 4,699 ordinary (65.17 per cent) and 722 A ordinary (66.67 per cent).

To date, First Choice shareholders holding \$1.64 per cent of the ordinary and 33.33 per cent of the A ordinary have elected for the part cash alternative.

This election has been extended for a further 21 days until August 4.

PSIT plc

PROFIT UP INCREASED DIVIDEND

Extracts from the statement by the Chairman, Mr. A. R. Perry.

- Revenue profit before tax rose from £8.7 million to £11.7 million.
- Investment rents up from £19.6 million to £20.8 million.
- Further lettings at Chichester and Altrincham.
- Several well let properties acquired.
- Australian extension completed and 98% let.
- New highways under construction on Florida land.
- Group property investments up from £235 million to £274 million.
- No off balance sheet financing.
- All interest written off against revenue.
- Net asset value rose from £1.42 to £1.68 per share.
- Total dividend increased from 4.125p to 4.625p.

Results for the year ended 31 March 1994	2000's	1994	1993
Total rents receivable	20,892	19,881	
Net property income	19,162	18,630	
Revenue profit before tax	11,734	8,665	
Shareholders' funds	196,625	162,519	
Ordinary dividend per share	4.625p	4.125p	

Copies of the full statement may be obtained from G. H. Cairnes, Managing Director, PSIT plc, Fitcham Park House, Lower Road, Fitcham, Surrey, TW20 9UD.

No Thorn EMI demerger yet

By Michael Skapinker, Leisure Industries Correspondent

Shares in Thorn EMI fell by 9p to 1065p yesterday as Sir Colin Southgate, the chairman, dismissed reports that the music and rentals group was about to be demerged.

Sir Colin told the group's annual meeting that the current group structure was a positive advantage and added significant value.

Speculation that a demerger announcement was close had helped lift Thorn's shares from 1039p on Monday morning to 1074p on Thursday.

Sir Colin suggested that the board would not return to the demerger question

for a year. He said: "As a board, we review the group strategy once a year. I am able to tell you that at our recent strategy review - held over the past two days - the board did analyse, in great detail, the strategic options for the business. The immediate challenge is to capitalise on the excellent prospects which now exist for our businesses."

The speculation that Thorn would be split into two companies - one centred on music and one on rentals - arose because the group appeared close to completing its disposals programme.

Sir Colin has said in the past that the time to discuss demerger would be when Thorn had sold the businesses it no longer

wanted.

He said yesterday that the group raised £192.3m last year from investments of non-strategic businesses, including Thorn Lighting and its majority interest in Thames Television.

Discussions on the sale of the remaining businesses in Thorn Electronics were continuing.

Sir Colin said that once buyers had been found for these, the group's divestment programme would be complete.

The chairman also said that Thorn had signed a letter of intent to increase its holding in Toshiba-EMI, its joint music venture in Japan. Under the agreement, Thorn's stake in the venture would rise from 50 to 55 per cent.

NEWS DIGEST

Quadrant makes flight training buy

Quadrant Group, the photographic and video concern, is expanding its aircraft training activities.

Through Quadrant Systems, its 80 per cent owned offshoot, it is acquiring for £1.45m from Caeleas of Spain the flight training business of Aeronautical Systems Designers, based in West Sussex.

The company is also setting up a joint marketing activity with Binghamton Simulator of the US involving the sale of the US company's aircraft training systems in the UK, the middle east and east Asia.

Quadrant Systems is a new company, 50 per cent of which is owned by its management, which has subscribed £150,000 for its interest. Quadrant can

increase its interest to 100 per cent after five years.

Investment Company net assets increase

Net assets per share of the Investment Company grew by 13 per cent from 44.8p to 50.8p in the year to March 31 1994.

After-tax revenue advanced from \$306,553 to \$365,241 and earnings per share came to 3.15p (2.91p). The final dividend is again 1p for an unchanged total of 1.5p.

Moorgate Inv Trust below benchmarks

Moorgate Investment Trust reported net asset value per share up from 140.1p to 162.1p over the year to May 31.

The rise of 15.7 per cent was lower than the 17.6 per cent increase by the benchmark Hoare Govett Smaller Companies Index. However the FT-SE

SmallCap Index showed a rise of 16.2 per cent.

Net revenue for the year slipped to £1.41m (£1.43m) for earnings per share of 4.98p (5.09p). A lower final dividend of 2.55p is proposed for a total of 4.25p (5.5p).

General Consol net assets fall

Net assets per share of General Consolidated Investment Trust

fell by 26 per cent to 214.3p over the six months to June 30, against 290p at the end of 1993.

Net revenue increased from £1.45m to £1.61m largely reflecting a substantial increase in management fees earned by the trust's 53 per cent investment management offshoot. This was unlikely to be repeated in the second half.

Earnings per income share were 4.45p (4.01p). An unchanged interim dividend of 3.9p has been declared.

DIVIDENDS ANNOUNCED

Dividends shown per share net except where otherwise stated. 70c increased capital, \$USM stock.

Current payment Date of payment Current - pending dividend Total for year Total last year

Amicable Small Int 1.7 Oct 7 1.7 - 3.4

Automated Sec Int nil - 3.05 - 3.05

Flann American Tr Int 0.4 Aug 30 0.85 - 1.5

Gen Consol Int 3.9 Oct 3 3.9 - 6.71

Hartstone Int nil - 1.5 - 2.8

Investment Co Int 1 Sept 19 1 1.5 1.5

Moorgate Inv Tr Int 2.55 Sept 6 3.8 4.25 5.5

Pelican S Int 1.25 Sept 9 1.1 1.25 1.1

US West set to enter cable TV with Atlanta purchases

By Richard Tomkins
in New York

US West, one of the six US regional telephone companies, yesterday appeared poised to become the first Baby Bell to enter the US cable television business, after agreeing to buy two Atlanta-based cable systems for \$1.2bn in cash and shares.

It has agreed to buy Womack and Georgia Cable Television from the privately-held Robert M. Bass group, and plans to use them to provide 466,000 households in metropolitan Atlanta with interactive information and entertainment services.

US West said the price it was paying - \$490m in US West stock, \$180m in assumption of debt, and the balance in cash - was equivalent to 11.1 times

the systems' annualised fourth-quarter cashflow.

The acquisition comes amid a whirlwind of activity by US media groups, as they scramble for positions in the fast-developing US communications industry.

Earlier this week, Comcast, one of the biggest US cable television companies, overthrew a planned merger between QVC, the home-shopping channel, and CBS, the broadcast television network, by launching its own \$2.2bn bid for QVC.

Yesterday's agreement marks the third attempt by a Baby Bell to move into the cable television business.

Bell Atlantic tried to take over Tele-Communications Inc. and Southwestern Bell had planned a joint venture with Cox Enterprises, but both deals

collapsed earlier this year.

Two weeks ago Bell Atlantic won regulatory approval for an alternative strategy: competing head-on with cable television companies by providing interactive television services over its telephone wires.

US West has already entered the cable television industry in the UK, where it has a joint venture with Tele-Communications Inc. which provides cable and telephone services in 16 owned and eight affiliated franchise areas.

In the US, US West has a 25.51 per cent stake in Time Warner Entertainment, the cable-television division of the Time Warner media group.

The two are working in partnership to speed development of so-called full service networks in the areas they serve.

Strong sales lift Texas Instruments to \$2.5bn

By Louise Kehoe
in San Francisco

Texas Instruments, the US semiconductor and electronics manufacturer, reported record second-quarter results, driven by strong sales of semiconductor products.

Earnings were above Wall Street expectations, but attention focused on TI's prediction that growth in the world semiconductor market will "moderate somewhat" in the second half of the year.

Its shares fell sharply to \$53.74 at mid-session, down from Thursday's close of \$56.74.

Net revenues for the quarter were \$2.5bn, up 19 per cent from \$2.1bn in the same period last year. Profits from operations were \$282m, up from \$172m, while net income was \$154m, or \$1.53 a share, compared with \$112m, or \$1.12, last year.

TI said its second-quarter revenues and earnings were boosted by its semiconductor operations, the company's largest business.

Semiconductor revenues increased by 29 per cent over the same period last year, TI said, with strong growth in memory chip revenues.

TI also noted double-digit growth in sales of application-specific and mixed-signal semiconductor products.

"Forces driving the longer-term growth of the world [semiconductor] market remain intact," TI said. "The Asia-Pacific region continues to be the fastest growing semiconductor market in the world." TI is expanding its resources in Asia to meet a rapidly expanding customer base, the company said.

For the half-year, revenues were \$4.96bn, up 24 per cent from \$3.99bn in the first half of 1993. Net income was \$318m, or \$3.35 a share, compared with \$192m, or \$2.04.

The first-half results include a first-quarter \$132m pre-tax charge for costs of restructuring. TI's European operations and the sale of some computer product lines. The charges were partly offset by a one-time gain of \$69m from royalty revenues.

Telefónica poised to sell Tisa stake

By Tom Burns in Madrid and
Andrew Adonis in London

Telefónica, Spain's national telecommunications operator, is negotiating the sale of a minority stake in Telefónica Internacional (Tisa), the profitable holding company that groups its substantial Latin American assets. The deal is likely to be worth hundreds of millions of dollars.

A stake in Tisa, which raised first-quarter profits by 89 per cent to Ptas3.8bn (\$30.8m) and has a market capitalisation of between \$6bn-\$7bn, is an attractive proposition to leading US operators because of its Latin American holdings.

Tisa groups stakes in 20 South and Central American companies, including local and long-distance operators and data transmission and mobile telephone companies. It is the largest single telecoms group in the fast-growing Latin American market.

Telefónica, however, denied reports that GTE of the US had acquired a stake of up to 30 per cent in Tisa. "We are talking to GTE and to others about alliances [in Latin America], but no agreement has been formalised," the company said.

In addition to GTE, Telefónica is understood to be discussing the sale of Tisa equity with three other groups: AT&T, the largest US operator; Southwestern Bell, a regional US operator; and Unisource, a joint venture between the Dutch, Swedish and Swiss national operators, in which Telefónica itself is to buy a 25 per cent stake.

The negotiations come at a critical stage in the formation of international telecoms alliances. US and European operators are manoeuvring to become "one-stop" providers to multinationals through such groupings, in order to exploit the rapid opening of telecoms services to competition in

Europe, Latin America and Asia.

Until last month, Telefónica had remained unaligned in the international struggle, while strongly resisting the early introduction of competition within Spain.

It appeared to have been successful last year, with the European Union's decision to grant Spain a five-year extension to the 1998 deadline for competition in basic telephone services which was imposed on most of the rest of the EU.

However, last year's \$5.3bn alliance between British Telecom and MCI, the second-largest US operator, and the launch of AT&T's Worldsource international venture, left Telefónica feeling exposed. Earlier this month it joined Unisource, which at the same time forged a partnership with AT&T.

The Spanish government also agreed to waive its five-year extension on the 1998

competition deadline, a decision endorsed by Telefónica.

Mr Bill Coleman, analyst at James Capel, the UK securities house, believes Telefónica, which owns 78.3 per cent of Tisa, is considering the sale of up to 10 per cent of Tisa via an issue of new equity which could raise between \$600m and \$700m.

A second route into Tisa for potential strategic partners could also be opened through the possible disposal by the Patrimonio del Estado, the government's portfolio group, of the 23.6 per cent stake it holds in the company.

A decision is expected shortly. The Patrimonio could either float its Tisa equity or sell it directly to one or more of the operators that are talking to Telefónica.

Either way, the Patrimonio, which is also Telefónica's largest single shareholder with a 33.2 per cent stake, stands to raise some \$1.5bn.

Eli Lilly net steady at \$346m

By Richard Tomkins

Eli Lilly, the US drug company that earlier this week announced the \$4bn acquisition of PCS, a drug distributor, yesterday reported almost unchanged net profits of \$346.8m for its second quarter.

It blamed the lack of growth on several factors including higher manufacturing costs, increased spending on research and development, and a special charge of \$10m relating to the previous quarter's

recall of three liquid oral antibiotics.

The volume of products sold surged by 11 per cent, both in the US market and internationally, mainly because of increased sales of products such as Prozac, Axid and Humulin. Turnover, however, grew by 8 per cent to \$1.68bn because volume growth was partly offset by lower prices in the pharmaceutical division.

Worldwide, Eli Lilly said, competitive pressures were particularly evident in anti-

infectives sales. In the US, lower prices resulted from increased Medicaid rebates and greater participation in managed-care programmes.

The \$10m special charge was in addition to the \$56m charge already provided for the product recall in the first quarter.

Net income was barely changed from the comparable quarter's \$346.8m. Earnings per share were up slightly, to \$1.20 from \$1.18. For the half-year, net income was down 5 per cent to \$677.8m.

Hoechst says it may close plants

By Daniel Green

Hoechst, the German chemicals company, said yesterday it might close plants in the drive to return its west European fibres sector to profit by the end of 1995.

There were no immediate plans for closures, but the company's west European fibres operations lost between DM200m-DM300m (\$123m-\$184m) last year, said Mr Hans Udo Wenzel, appointed a week ago as managing director of Hoechst Trevira, the fibres arm.

Hoechst Trevira, a new company which will employ 5,000, is the result of a decision by the parent company to concentrate its European fibre business into a wholly-owned but separate company. It will start operations on October 1.

It was created as a response to "structural problems in western European fibres, textile and clothing industries. Traditional suppliers are facing increasing pressure on prices and cheap imports from Asia and eastern Europe," said the company.

Earlier this year Hoechst

said it would cut 2,000 jobs in the fibres sector and introduce performance-related pay.

Mr Wenzel said he could not rule out further job cuts to put the fibre business back on track by the end of 1995.

Environmental operating costs in Germany in 1993 at Bayer were \$818.2m, not \$816.2m as published in a table in the Chemicals in the Environment survey (June 30). The figure in the total spending column should have read \$1,102.17m and in the percentage of sales column, 4.45 per cent.

NEC aims for Y200bn profits

By Michio Nakamoto in Tokyo

NEC, the Japanese electronics company, is aiming to increase pre-tax profits to more than Y200bn (\$1.9bn) by 1999, or eight times last year's level. It also intends to raise overseas sales to 40 per cent of total revenues over the same period.

The profits target would top NEC's previous record of Y174bn, achieved in 1990. In the fiscal year ended March, the group made consolidated pre-tax profits of Y25.1bn and is forecasting profits of Y60bn in the year to next March.

The proportion of overseas sales targeted would also be a record for NEC, which cur-

rently derives about 24 per cent of sales overseas.

In a speech commemorating the company's 50th anniversary, Mr Hisashi Kaneko, NEC's new president, outlined the strategy for achieving those goals.

While restructuring and cost-cutting will contribute to the increased profits, Mr Kaneko expects new businesses, particularly in multimedia, to be a significant contributor to profitability.

The company is a leader in advanced multimedia technologies, such as screen technologies, and its business centres on monitors for workstations already worth more than

\$1bn, the company said.

To achieve its goal of becoming a front-runner in multimedia, NEC plans to create an "internal information highway". It will also place more emphasis on services and software, such as systems solutions, application software and global information services, along the lines of Internet.

Mr Kaneko said the marketing framework needed to be revamped to create a structure more responsive to consumers' needs.

As markets become increasingly global, NEC expects overseas sales to make up a larger proportion of overall sales. By next March, for example, more



Hisashi Kaneko: more emphasis on services

than half of NEC's output of 11m 4-megabit D-Ram chips chips will be manufactured outside of Japan.

Sanyo Electric ahead despite 'difficult' market

By Gerard Baker in Tokyo

Sanyo Electric, the Japanese electronics manufacturer, reported higher sales and profits for the half-year to the end of May, but warned that the domestic environment remained difficult.

The parent company reported pre-tax profits higher by 213 per cent at Y6.8bn (\$66m) on turnover up by 0.6

per cent at Y503.9bn. However, Sanyo said weak demand for domestic capital investment, sluggish personal consumption growth, and the sharp appreciation of the yen had combined to make trading conditions difficult.

The company has reported an operating loss for the past two years, and in the first six months of the year, the operating figure was again in the red

at Y5.8bn, against last year's Y12.6bn. Profits on stock sales of Y9.3bn accounted for the profits at the pre-tax level.

Domestic turnover was higher by 2.5 per cent at Y342.4bn due largely to strong sales of semiconductor, colour televisions and commercial refrigerator display cases.

Exports fell by 3.4 per cent to Y161.1bn as the company shifted production overseas.

The growing strength of the US and south-east Asian economies helped bolster exports, but European markets remained stagnant.

Group pre-tax profits rose by 195 per cent to Y7.8bn on turnover up 4.8 per cent at Y375.5bn.

After tax, the group reported a profit of Y1.4bn, compared with a loss of Y2.7bn in the same period last year.

Subscribe to the FT in France now

and get the first 4 weeks free.

Take advantage of this special introductory offer and have the Financial Times personally delivered to your office every morning at no extra charge and you can start the day fully briefed and alert to all the issues that influence or affect your market and your business.

Hand delivery services are available in the business centres of Aix en Provence, Bordeaux, Cannes, Ferney Voltaire, Grenoble, Lyon, Marseille, Monaco, Nantes, Nice, Paris, Strasbourg and Toulouse.

Day of publication postal delivery service is available in the following departments: 59 Nord, 60 Oise, 62 Pas-de-Calais, 77 Seine-et-Marne, 78 Yvelines, 91 Essonne, 92 Hauts-de-Seine, 93 Seine-Saint-Denis, 94 Val-de-Marne and 95 Val-d'Oise.

Place your order now by completing the coupon below and faxing it to us on (1) 42 97 06 24 or by post to Financial Times (France) Ltd, 168 rue de Rivoli, 75044 Paris Cedex 01.

To: Financial Times (France) Ltd, 168 rue de Rivoli, 75044 Paris Cedex 01. Tel: (1) 42 97 06 23. Fax: (1) 42 97 06 24. Yes, I would like to subscribe to the Financial Times and enjoy the first 4 weeks free. Please enter my subscription for 12 months at FFR 2,040 (inclusive of VAT) saving me 30% on the retail price. I will expect delivery to start within 21 days and await your invoice.

Name: _____
Address: _____
Tel: _____ Fax: _____
Signature: _____ Date: _____
(No order accepted without a signature)

Financial Times. Europe's Business Newspaper.

BUY YOUR OWN GOLDMINE. £84.00.

As any investor knows, there's nothing more valuable than information.

That's what makes a subscription to INVESTORS CHRONICLE such a goldmine.

As Britain's leading investment magazine, we know how to provide you with exactly the information you need to make the right investment decisions.

We do this not just because we have unrivalled access to all the world's major databases; we do it because we have a skill in knowing the relevant from the irrelevant; and in presenting it in a clear and structured manner.

Every week we cover all aspects of stockmarket investment, beginning with a general overview and moving to in-depth coverage of market sectors.

We give you news sector by sector and stock by stock. We track a basket of your most popular shares, and subject the new and the fashionable to particular scrutiny.

We print a weekly roundup of leading brokers' views and tips, and invite the occasional column from the gurus. In short as an investor you'll be kept up to date with everything from the performance of your PEPs to the pitfalls of the Options market.

Not surprisingly, INVESTORS CHRONICLE is consulted and relied on by investment professionals. But though you'll value an investment opinion that is heavy-weight - it's never, ever, a heavy read.

We'd like you to subscribe to INVESTORS CHRONICLE and see for yourself how its lucid coverage will help you make better investment decisions.

But because we know no-one can make a decision better than you can yourself, we're making a generous introductory offer of **FOUR FREE ISSUES** - so you can judge for yourself the value of Britain's leading investment magazine. And in addition, accept with our compliments a copy of the new edition of the **Beginners' Guide to Investment**, the investment guide which Lord Hanson "highly recommended ... informative, comprehensive and readable ..." and of which Cosmopolitan was moved to write "This book is packed with wisdom".

Please tick appropriate boxes. All prices include P&P.

☐ Yes, please send me a trial subscription. I will receive my first four issues of Investors Chronicle FREE. Thereafter my first year's subscription of 51 issues at the normal rate.

☐ Please also send me my FREE copy of the new, fully revised second edition of Investors Chronicle **Beginners' Guide to Investment**, normally retailing at £12.99. If at any time during my subscription I decide to cancel, I am covered by a Money Back Guarantee. Should I decide to cancel, I just write and tell you and you'll refund my subscription for all unexpired issues.

BLOCK CAPITALS PLEASE.

☐ £24 UK inc. N. Ireland

☐ £100* Europe or Ireland

☐ £121 Rest of World (airmail)

☐ Please invoice money company

☐ Cheque enclosed payable to FT Business Enterprise Ltd

☐ Please debit my credit card account

☐ AMEX ☐ Diners ☐ Visa ☐ Access

Card number _____

Expiry date _____

Signature _____ Date _____

Mr/Ms/Ms _____ Job Title _____

Nature of business _____

Private/Company address _____

Postcode _____

☐ I do not wish to receive promotional mailings from other companies. Please return to: FT Magazines, Subscription Department FREEPOST 3567, Bromley BR2 9NR or simply telephone our subscription HOTLINE 081-462 8485 giving us your credit card details and quote reference number 602428

FT BUSINESS ENTERPRISES LIMITED, Registered Office: Number One, Southbank Bridge, London SE1 8NL. Registered No. 009896. VAT Reg. No. GB27511 21. The information we provide may be used to help you understand other FT & E products and may be used to share parties (Data Protection Act 1998, Reg No. 007019 000). The price of stock market investment can go down as well as up. Past performance is not a guide to future performance.

INVESTORS CHRONICLE

THE CITY INSIDE OUT

CURRENCIES AND MONEY

MARKETS REPORT

Dollar firm

The dollar maintained its firmer tone of recent days, helped by economic data which propped up the US bond market, writes Philip Gouth.

The market interpreted the data as showing that the US economy was slowing, with little inflationary pressure.

The US currency finished one pence higher in London at DM1.5556 from DM1.5457, and at ¥97.950 from ¥97.83.

The firmer dollar helped sterling to hold onto recent gains. The pound finished slightly lower against the dollar, at \$1.5586 from \$1.5588, but was 1½ pence up against the D-Mark at DM2.4246 from DM2.4089.

The currency was buoyed up by foreign investors appearing to take a better view of UK assets, following the release of encouraging labour costs and average earnings figures earlier this week.

Although some of yesterday's data appeared to show signs of an economy running up against capacity constraints, analysts said most of the higher numbers were weather related.

Mr Avinash Persaud, head of currency strategy at JP Morgan in Europe, said they all "added to the current view of slower growth and lower inflationary pressures."

The market focused on the University of Michigan consumer sentiment index, which dropped to 88.9 in the preliminary July index from 93.2 in the final June index.

Mr Persaud said he was doubtful whether the dollar would continue its rally, since the rally in the bond market was likely to prove short-lived.

He said the sharp fall in yields - the yield on the ten year US treasury note fell to below 7.20 yesterday from 7.47 at the start of the week - was not sustainable.

The improved interest rate sentiment has been reflected in the futures market. The December eurodollar contract settled yesterday at 94.85, thirty five basis points firmer than the 93.90 close on Monday ahead of producer and consumer inflation data releases.

Some traders are expecting a rate rise ahead of the Humphrey Hawkins testimony next week of Mr Alan Greenspan, chairman of the Federal Reserve. With inflation apparently under control, however, most observers believe the Fed will wait until its next policy meeting on August 16.

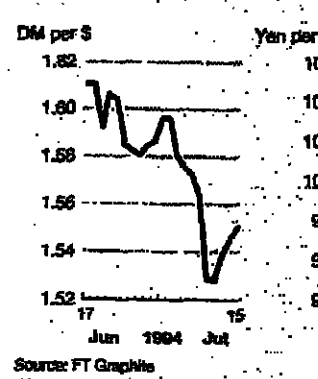
In Europe the main excitement was provided by the lira which slipped to an early low of L999.25 against the D-Mark before recovering to close at L998.8. The market was concerned about a political row surrounding the anti-corruption probe by magistrates.

Mr Silvio Berlusconi, the prime minister, triggered a revolt by magistrates when his government approved a law curtailing their right to order the arrest of corruption suspects.

The Bank of England provided UK money markets with £300m late assistance. Earlier the Bank had provided £1.549bn after forecasting a shortage of £1.6bn, the largest for some time. Overnight money traded between 4 and 6½ per cent.

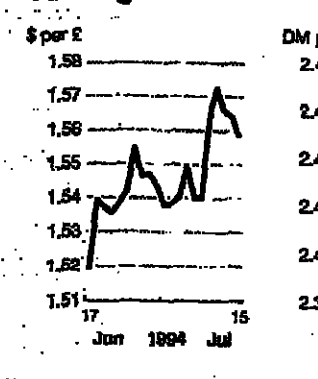
In the futures market meanwhile, the eurosterling contracts retraced some of their recent gains. The December contract traded 27,000 lots to finish at 93.98 on 94.00. The December eurodollar contract finished at 95.10 from 95.12.

Dollar



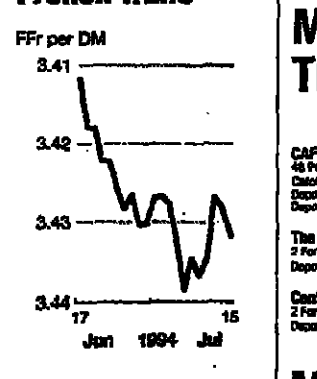
Source: FT Graphs

Sterling



Source: FT Graphs

French franc



Source: FT Graphs

POUND SPOT FORWARD AGAINST THE POUND

Jul 15	Closing mid-point	Change on day	Bank of England spread	Day's Mid low	One month	Three months	One year	Bank of England	
Europe									
Austria	(Sch)	17.0589	+0.1174	514	884	17.0589	16.8828	17.0551	0.3
Belgium	(Bfr)	50.0152	-0.2427	716	588	50.0260	49.8470	50.0355	-0.6
Denmark	(DKr)	20.3377	+0.0345	331	362	20.3377	20.3088	20.3577	-0.8
Finland	(Fmk)	6.0384	-0.0215	286	482	6.0540	6.0180	6.0384	-0.1
France	(FFr)	6.5215	-0.0334	198	706	6.5286	6.5217	6.5261	-0.3
Germany	(DM)	2.4048	-0.0074	238	258	2.4277	2.4181	2.4249	-0.1
Greece	(Dr)	366.886	+1.360	645	146	367.305	365.194	367.305	-0.1
Ireland	(Ir£)	1.0134	-0.0007	124	144	1.0154	1.0110	1.0137	-0.4
Italy	(Lira)	240.688	-1.577	888	888	241.398	240.021	241.048	-3.2
Luxembourg	(Ffr)	20.3377	+0.0345	331	362	20.3377	20.3088	20.3577	-0.8
Netherlands	(Gld)	2.7186	-0.0079	183	208	2.7186	2.7186	2.7187	-0.1
Norway	(Nkr)	10.8288	-0.0272	625	110	10.8289	10.5997	10.8036	-0.3
Portugal	(Esc)	204.688	+1.178	448	808	204.631	204.138	205.063	-2.7
Spain	(Ptas)	166.388	+0.388	245	423	166.388	166.388	166.388	-0.1
Sweden	(Skr)	10.8288	-0.0272	625	110	10.8288	10.5997	10.8036	-0.3
Switzerland	(Sfr)	2.0449	-0.0055	438	482	2.0465	2.0386	2.0434	-0.9
UK	(£)	1.2886	+0.0044	679	683	1.2898	1.2844	1.2892	-0.1
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
USA	(\$)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Argentina	(Peso)	1.5557	-0.0002	552	582	1.5587	1.5587	1.5587	-0.1
Canada	(Cdn)	1.4526	-0.0044	607	545	1.4526	1.4456	1.4526	-0.9
Malaysia	(RM)	2.1459	-0.0159	449	469	2.1576	2.1444	2.1474	-0.9
Thailand	(Baht)	50.0152	-0.0182	448	808	50.0097	50.2582	50.0498	-0.1
Philippines	(Piso)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Indonesia	(Rp)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Africa	(Rand)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
South Korea	(Won)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Taiwan	(Nt)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5588	0.5
Thailand	(Baht)	1.5556	-0.0054	582	580	1.5517	1.5598	1.5	

LONDON STOCK EXCHANGE

MARKET REPORT

Strong gains as the last equity account closes

By Terry Byland,
UK Stock Market Editor

The last equity trading account in London equities closed with the market in good form yesterday as share prices rose sharply for the third successive trading session. Trading volume showed a further increase, boosted by a large trading programme from a US investment bank.

The FT-SE 100 closed 24.4 up at 3,074.8, having achieved most of its gain within the first hour of the market's opening. Traders were pleased to see the index continuing to extend its gains above the 3,000 hurdle. Profit-taking ahead of the close of the account, a London phenomena now consigned to the history books, proved no check to a market which has risen by 110.9

points on the Footsie over the past three trading sessions. The tone of the market appeared very confident at the close of business and was supported by favourable comments in weekly reports to clients by several leading securities houses.

The Footsie has risen by about 4.7 per cent over the two-week account, with the greater part of the rise taking place this week as concern over the dollar has subsided, bringing a rally in bond markets and returning investor attention to the economic recovery and low inflation in the UK. The FT-SE Mid 250 index gained 21.6 to 3,551.3 yesterday, bringing the advance over the account to nearly 4 per cent.

The financial sector, with balance sheets filled with assets in the form of market securities, stood out strongly in the market advance.

Account Opening Dates			
First Day	Last Day	First Day	Last Day
1st July	1st July	1st July	1st July
1st July	1st July	1st July	1st July
1st July	1st July	1st July	1st July

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

How this trading may take place from day one

stocks. Consumer stocks were again enlivened by the implications of the Tesco offer for William Low, which is now widely regarded as the opening shot in a potentially far-ranging battle.

Building and contracting stocks, which have been held back by the fears over prospects for a rise in base rates, continued to recover ground yesterday. Companies with German involvement were particularly firm on the back of persistent support from European institutions.

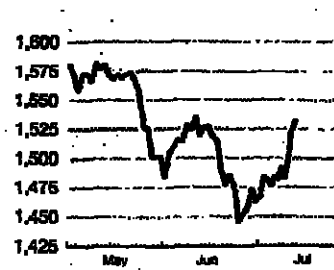
Equity volume, as reported through the S&P electronic network, jumped to 856.4m shares, the highest total for several months and a 17 per cent increase on the previous session.

A recovery in trading volumes, which had slipped away during the period of concern over bond mar-

kets, was borne out by Thursday's total of 11.5bn in retail or genuine investor business. This was the sixth successive day of 11bn plus business, contrasting sharply with totals below this benchmark number at the beginning of last week.

The gilt-edged market traded firmly for most of the day but turned less certain following the announcement that the next auction of government bonds, scheduled for Wednesday July 27, will be of conventional stock in the 2007-2011 maturity range. Some bond trading houses were believed to have expected a variable rate issue and had to reshuffle their market positions following the auction announcement. However, traders agreed that, "it was Friday afternoon, and not the best time to measure the market's response."

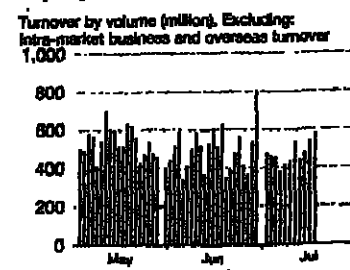
FT-SE-A All-Share Index



Key Indicators

Indices and ratios	Value	% Change
FT-SE 100	3551.3	+21.6
FT-SE-A 350	1545.8	+11.6
FT-SE-A All-Share	1532.50	+11.25
FT-SE-A All-Share yield	3.87	(3.88)
FT Ordinary index	2400.8	+7.2
FT-SE-A Non Fins p/e	19.33	(19.26)
FT-SE 100 Fut Sep	3091.0	+21.0
10 yr Gilt yield	8.28	(8.21)
Long gilt/equity yield ratio	2.18	(2.16)

Equity Shares Traded



FT-SE 100 Index

Indices and ratios	Value	% Change
FT-SE 100	3551.3	+21.6
FT-SE-A 350	1545.8	+11.6
FT-SE-A All-Share	1532.50	+11.25
FT-SE-A All-Share yield	3.87	(3.88)
FT Ordinary index	2400.8	+7.2
FT-SE-A Non Fins p/e	19.33	(19.26)
FT-SE 100 Fut Sep	3091.0	+21.0
10 yr Gilt yield	8.28	(8.21)
Long gilt/equity yield ratio	2.18	(2.16)

Notes: day high and low for week

TRADING VOLUME

Major Stocks Yesterday			Volume	Change
	Price	Days		
		Up		Down
ASDA Group	2,800	57 1/2	1,200	231
British Airways	4,200	17 1/2	1,800	119
British Telecom	5,700	42	1,800	178
British Petroleum	2,500	57 1/2	2,400	136
British Steel	1,800	42	1,800	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	136
Anglo	486	338	1,200	

AUTHORISED UNIT TRUSTS

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

SINCE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

[illegible]

● ET Citiline Unit Trust Prices are available over the telephone. Call the ET Citiline Help Desk on (071) 873 4378 for more details.

● ET Citiline Unit Trust Prices are available over the telephone. Call the ET Citiline Help Desk on (071) 873 4378 for more details.

[illegible]

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

<p>STANDARD & POOR'S 500 INDEX</p> <p>1992-1993</p> <p>1993-1994</p> <p>1994-1995</p> <p>1995-1996</p> <p>1996-1997</p> <p>1997-1998</p> <p>1998-1999</p> <p>1999-2000</p> <p>2000-2001</p> <p>2001-2002</p> <p>2002-2003</p> <p>2003-2004</p> <p>2004-2005</p> <p>2005-2006</p> <p>2006-2007</p> <p>2007-2008</p> <p>2008-2009</p> <p>2009-2010</p> <p>2010-2011</p> <p>2011-2012</p> <p>2012-2013</p> <p>2013-2014</p> <p>2014-2015</p> <p>2015-2016</p> <p>2016-2017</p> <p>2017-2018</p> <p>2018-2019</p> <p>2019-2020</p> <p>2020-2021</p> <p>2021-2022</p> <p>2022-2023</p> <p>2023-2024</p> <p>2024-2025</p> <p>2025-2026</p> <p>2026-2027</p> <p>2027-2028</p> <p>2028-2029</p> <p>2029-2030</p> <p>2030-2031</p> <p>2031-2032</p> <p>2032-2033</p> <p>2033-2034</p> <p>2034-2035</p> <p>2035-2036</p> <p>2036-2037</p> <p>2037-2038</p> <p>2038-2039</p> <p>2039-2040</p> <p>2040-2041</p> <p>2041-2042</p> <p>2042-2043</p> <p>2043-2044</p> <p>2044-2045</p> <p>2045-2046</p> <p>2046-2047</p> <p>2047-2048</p> <p>2048-2049</p> <p>2049-2050</p> <p>2050-2051</p> <p>2051-2052</p> <p>2052-2053</p> <p>2053-2054</p> <p>2054-2055</p> <p>2055-2056</p> <p>2056-2057</p> <p>2057-2058</p> <p>2058-2059</p> <p>2059-2060</p> <p>2060-2061</p> <p>2061-2062</p> <p>2062-2063</p> <p>2063-2064</p> <p>2064-2065</p> <p>2065-2066</p> <p>2066-2067</p> <p>2067-2068</p> <p>2068-2069</p> <p>2069-2070</p> <p>2070-2071</p> <p>2071-2072</p> <p>2072-2073</p> <p>2073-2074</p> <p>2074-2075</p> <p>2075-2076</p> <p>2076-2077</p> <p>2077-2078</p> <p>2078-2079</p> <p>2079-2080</p> <p>2080-2081</p> <p>2081-2082</p> <p>2082-2083</p> <p>2083-2084</p> <p>2084-2085</p> <p>2085-2086</p> <p>2086-2087</p> <p>2087-2088</p> <p>2088-2089</p> <p>2089-2090</p> <p>2090-2091</p> <p>2091-2092</p> <p>2092-2093</p> <p>2093-2094</p> <p>2094-2095</p> <p>2095-2096</p> <p>2096-2097</p> <p>2097-2098</p> <p>2098-2099</p> <p>2099-2100</p> <p>2100-2101</p> <p>2101-2102</p> <p>2102-2103</p> <p>2103-2104</p> <p>2104-2105</p> <p>2105-2106</p> <p>2106-2107</p> <p>2107-2108</p> <p>2108-2109</p> <p>2109-2110</p> <p>2110-2111</p> <p>2111-2112</p> <p>2112-2113</p> <p>2113-2114</p> <p>2114-2115</p> <p>2115-2116</p> <p>2116-2117</p> <p>2117-2118</p> <p>2118-2119</p> <p>2119-2120</p> <p>2120-2121</p> <p>2121-2122</p> <p>2122-2123</p> <p>2123-2124</p> <p>2124-2125</p> <p>2125-2126</p> <p>2126-2127</p> <p>2127-2128</p> <p>2128-2129</p> <p>2129-2130</p> <p>2130-2131</p> <p>2131-2132</p> <p>2132-2133</p> <p>2133-2134</p> <p>2134-2135</p> <p>2135-2136</p> <p>2136-2137</p> <p>2137-2138</p> <p>2138-2139</p> <p>2139-2140</p> <p>2140-2141</p> <p>2141-2142</p> <p>2142-2143</p> <p>2143-2144</p> <p>2144-2145</p> <p>2145-2146</p> <p>2146-2147</p> <p>2147-2148</p> <p>2148-2149</p> <p>2149-2150</p> <p>2150-2151</p> <p>2151-2152</p> <p>2152-2153</p> <p>2153-2154</p> <p>2154-2155</p> <p>2155-2156</p> <p>2156-2157</p> <p>2157-2158</p> <p>2158-2159</p> <p>2159-2160</p> <p>2160-2161</p> <p>2161-2162</p> <p>2162-2163</p> <p>2163-2164</p> <p>2164-2165</p> <p>2165-2166</p> <p>2166-2167</p> <p>2167-2168</p> <p>2168-2169</p> <p>2169-2170</p> <p>2170-2171</p> <p>2171-2172</p> <p>2172-2173</p> <p>2173-2174</p> <p>2174-2175</p> <p>2175-2176</p> <p>2176-2177</p> <p>2177-2178</p> <p>2178-2179</p> <p>2179-2180</p> <p>2180-2181</p> <p>2181-2182</p> <p>2182-2183</p> <p>2183-2184</p> <p>2184-2185</p> <p>2185-2186</p> <p>2186-2187</p> <p>2187-2188</p> <p>2188-2189</p> <p>2189-2190</p> <p>2190-2191</p> <p>2191-2192</p> <p>2192-2193</p> <p>2193-2194</p> <p>2194-2195</p> <p>2195-2196</p> <p>2196-2197</p> <p>2197-2198</p> <p>2198-2199</p> <p>2199-2200</p> <p>2200-2201</p> <p>2201-2202</p> <p>2202-2203</p> <p>2203-2204</p> <p>2204-2205</p> <p>2205-2206</p> <p>2206-2207</p> <p>2207-2208</p> <p>2208-2209</p> <p>2209-2210</p> <p>2210-2211</p> <p>2211-2212</p> <p>2212-2213</p> <p>2213-2214</p> <p>2214-2215</p> <p>2215-2216</p> <p>2216-2217</p> <p>2217-2218</p> <p>2218-2219</p> <p>2219-2220</p> <p>2220-2221</p> <p>2221-2222</p> <p>2222-2223</p> <p>2223-2224</p> <p>2224-2225</p> <p>2225-2226</p> <p>2226-2227</p> <p>2227-2228</p> <p>2228-2229</p> <p>2229-2230</p> <p>2230-2231</p> <p>2231-2232</p> <p>2232-2233</p> <p>2233-2234</p> <p>2234-2235</p> <p>2235-2236</p> <p>2236-2237</p> <p>2237-2238</p> <p>2238-2239</p> <p>2239-2240</p> <p>2240-2241</p> <p>2241-2242</p> <p>2242-2243</p> <p>2243-2244</p> <p>2244-2245</p> <p>2245-2246</p> <p>2246-2247</p> <p>2247-2248</p> <p>2248-2249</p> <p>2249-2250</p> <p>2250-2251</p> <p>2251-2252</p> <p>2252-2253</p> <p>2253-2254</p> <p>2254-2255</p> <p>2255-2256</p> <p>2256-2257</p> <p>2257-2258</p> <p>2258-2259</p> <p>2259-2260</p>

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jul 15/US\$)

DOW JONES

S&P 500

NASDAQ

NYSE

AMEX

NYSE MKT

NYSE ARCA

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

EUROPE

AUSTRIA (Jul 15/Sch)

BELGIUM (Jul 15/Fr)

DENMARK (Jul 15/Dn)

FINLAND (Jul 15/Mk)

FRANCE (Jul 15/Fr)

GERMANY (Jul 15/Dn)

GREECE (Jul 15/Gk)

IRELAND (Jul 15/Ir)

ITALY (Jul 15/It)

NETHERLANDS (Jul 15/Nl)

POLAND (Jul 15/Pl)

PORTUGAL (Jul 15/Pr)

SPAIN (Jul 15/Sn)

SWEDEN (Jul 15/Sv)

SWITZERLAND (Jul 15/Ch)

UNITED KINGDOM (Jul 15/UK)

YUGOSLAVIA (Jul 15/Yu)

CZECH REPUBLIC (Jul 15/Cz)

SLOVAKIA (Jul 15/Sk)

SLOVENIA (Jul 15/Sl)

CROATIA (Jul 15/Cr)

SERBIA (Jul 15/Sr)

MONTENEGRO (Jul 15/Mn)

MACEDONIA (Jul 15/Ma)

ALBANIA (Jul 15/Al)

BOSNIA (Jul 15/Bo)

HERZEGOVINA (Jul 15/Hr)

COSOVO (Jul 15/Co)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

KOSOVO (Jul 15/Ko)

INDICES

Jul 15

Jul 14

Jul 13

Jul 12

Jul 11

Jul 10

Jul 9

Jul 8

Jul 7

Jul 6

Jul 5

Jul 4

Jul 3

Jul 2

Jul 1

Jun 30

Jun 29

Jun 28

Jun 27

Jun 26

Jun 25

Jun 24

Jun 23

Jun 22

Jun 21

Jun 20

Jun 19

Jun 18

Jun 17

Jun 16

Jun 15

Jun 14

Jun 13

Jun 12

Jun 11

Jun 10

Jun 9

Jun 8

Jun 7

Jun 6

Jun 5

Jun 4

Jun 3

Jun 2

Jun 1

May 31

May 30

May 29

May 28

May 27

May 26

May 25

US INDICES

Jul 15

Jul 14

Jul 13

Jul 12

Jul 11

Jul 10

Jul 9

Jul 8

Jul 7

Jul 6

Jul 5

Jul 4

Jul 3

Jul 2

Jul 1

Jun 30

Jun 29

Jun 28

Jun 27

Jun 26

Jun 25

Jun 24

Jun 23

Jun 22

Jun 21

Jun 20

Jun 19

Jun 18

Jun 17

Jun 16

Jun 15

Jun 14

Jun 13

Jun 12

Jun 11

Jun 10

Jun 9

Jun 8

Jun 7

EXTRACTIVE INDUSTRIES

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust	Price	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----



FINANCIAL TIMES

Weekend July 16/July 17 1994

A FINANCIAL TIME
for change



Society hopes scheme will avoid court move

C&G confident of plan to allow Lloyds merger

By Alison Smith

Cheltenham & Gloucester Building Society said yesterday it was confident of devising a scheme that would enable the agreed takeover bid by Lloyds Bank to proceed, without having to appeal against last month's High Court judgment.

While C&G believes the deal, heralded as overcoming the obstacles for banks in taking over building societies, can go ahead, it also signalled that there could be a delay in the timetable.

A restructured plan for distributing the £1.8bn offered by Lloyds and a new timetable for getting the agreement of C&G's 14m members, are now expected to be announced in mid-August.

Yesterday's statement, which came a few days before the deadline for deciding whether to seek an expedited appeal, is a sign that C&G already has an outline revision of the original scheme.

C&G's task is to devise a lawful scheme giving the greatest possible overlap between members who can vote and members who are eligible for cash payments. The smaller number of those qualifying for payments means that the payments themselves should be higher than originally intended.

Lloyds Bank shares rose yesterday after C&G's statement to close 21p at 557p, as the bank's strategy of expanding its share of the retail financial services market appeared to be back on track. If approved, the bid would create the fourth largest mortgage lender in the UK, supplying 7 per cent of the home mortgage market.

The new scheme will have to take account of the decision by Sir Donald Nicholls, the vice-chancellor, that cash payments could not be made to investors of less than two years' standing, or to borrowers from the society. This confirmed the 1986 Building Societies Act which intended

to stop "speculative flows" between societies, by creating a class of members who could vote on such an offer without being eligible for any immediate cash benefit if it proceeded.

The very high voting thresholds required under building society legislation for members to give their approval for such a deal means that these votes could be critical to acceptance of the proposal.

Mr Andrew Longhurst, C&G chief executive, and Sir Brian Pimman, Lloyds Bank chief executive, both expressed confidence in the continuing long-term rationale for the deal.

The original schedule envisaged the deal being concluded in the second quarter of next year - after a Lloyds Bank extraordinary general meeting in mid-November and a special general meeting of C&G members later the same month.

Background, Page 7
Lex, Page 24

Blair ends campaign on pledge to reform constitution

By Kevin Brown,
Political Correspondent

Mr Tony Blair, the runaway favourite to succeed the late John Smith as Labour leader, committed the party yesterday to a sweeping constitutional shake-up, including parliamentary reform, devolution and human rights legislation.

In the last of six speeches aimed at the 4.5m voters in the leadership election, Mr Blair promised to deliver "a new constitutional settlement" in the first term of a Labour government.

He also sought to exploit continuing concerns about the probability of the Conservative government pledging that he would insist on "the highest standards" of honesty and integrity from ministers and party officials.

Mr Blair's comments reflect confidence among his advisers that he will win by a substantial margin when the results are announced at a special conference in London on Thursday.

Friends say that Mr Blair has already begun to think about changes to the opposition front bench team, although he has decided to delay a shake-up until the autumn.

Mr John Prescott, the shadow employment secretary, is increasingly confident of victory in the race for the deputy leadership, which is also being contested by Mrs Margaret Beckett. Mrs Beckett, who was Mr Smith's deputy from 1992 until his death in May, told the Financial Times in an interview that it was "perfectly possible" that she might fail to win either of the leadership posts.

"I am used to going into elections that I might not win, and having to make my case and abide by the judgment of the electorate," she said.

Mr Blair said in Cardiff that government under both parties had become centralised, bureaucratic and indifferent to the fundamental rights of citizens.

He also sought to raise public concern about the impact of quangos (quasi-autonomous non-governmental organisations) by linking constitutional issues directly to economic prosperity.

"People care that vast amounts of their money is being swallowed up by quangos, to be spent on projects they know nothing about, by Tories they have never voted for," he said.

Mr Blair put his full weight behind a long list of constitutional changes, including devolution for Scotland, Wales and the English regions; greater powers for local government; abolition of the rights of hereditary peers to sit in parliament; incorporation into domestic law of the European Convention on Human Rights; and a Freedom of Information Act.

Interviews, Page 6

THE LEX COLUMN

Rebounding with bonds

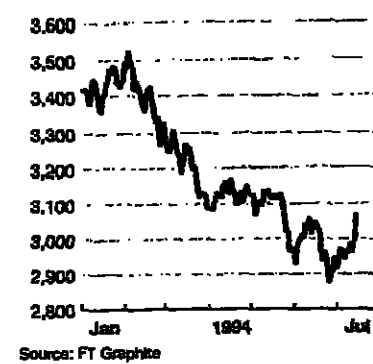
The UK equity market has had an impressive week, with the FT-SE 100 index putting on over 100 points. Since the trough at the end of June, the index has recovered about a third of the loss it had suffered from the peak in early February. The big questions are whether current share prices are sustainable and, indeed, whether the change in mood will be strong enough to carry the market back to its previous peak.

The main factor behind the market's bounce has been the recovery in European bond markets. Time and again economic statistics have reinforced the view that there is so far no sign of inflation. This week's news on UK retail prices and wage inflation was positive. European markets even took in their stride the dollar mini-crisis which subsided in mid-week. It was possible to argue that, with the dollar on a slide, European assets provided a safe haven. And, following the depreciation of sterling against the D-Mark, UK assets have started to look particularly cheap to continental investors.

If bonds maintain their poise, equities should have little problem holding current levels. The market could even regain its previous peak if corporate earnings shoot ahead when the reporting season begins in the autumn. But bears see clouds on the horizon. Though inflation has not yet reared its ugly head, it could just be hiding. Moreover, the dollar's recent recovery still seems fragile. If its downward slide resumes, European asset markets might have to review their recent indifference to what happens on the other side of the Atlantic.

FT-SE (index: 3074.8 (+24.4))

FT-SE 100 Index



Source: FT Graphika

tion is a moot point. Many institutions fear a sharp increase in the number of failed trades and want the same stock borrowing privileges as market-makers enjoy as a safeguard.

Life will be harder for private investors. The extended settlement periods now being offered by some private client stockbrokers are helpful. But it is difficult to believe these will endure. Most private investors will find that opening a nominee account and depositing cash with a broker are the only practical answers to five-day settlement. Other than the obvious issue of cost, it would be a shame if nominee accounts spoiled the direct link between companies and small shareholders. One can only hope that market forces will bring about nominee services as slick and efficient as the promised system of settlement.

Share settlement

Neither big investment institutions nor private shareholders have much to fear from the UK stock market's move to 10-day rolling settlement on Monday. The fortnightly account system which ended yesterday often demanded that bargains were settled in less than 10 days. And while investors accustomed to using the whole account as a period of credit will be inconvenienced, that does not seem an unbearable price. The transition should be smooth so long as brokers and shareholders of all sizes have their administration up to scratch.

Yet 10-day settlement is not meant to be more than an interim stage. Early next year, the settlement period will be halved. Whether the current paper-based system can be compressed still further without causing disruption

Lloyds/C&G

Any disappointment the market felt about the High Court judgment blocking Lloyds' bid for Cheltenham & Gloucester has proved short lived. C&G's confident assertion that it could find an alternative means of consummating its takeover cheered investors yesterday. But the 4 per cent rise in Lloyds' shares seemed a touch excessive given the market had long assumed the deal would succeed. HSBC's strong showing and a general bounce in the banking sector may have been the more influential cause of Lloyds' buoyancy.

As yet, there is little clue how C&G will proceed. But the building society did stop opening new accounts with voting rights soon after the judgment. One way to get around the judgment

would simply be to wait until all members qualified to vote by having their accounts open for two years. But the talk of concluding a deal by mid-August suggests that C&G may have devised a more elegant solution.

The details of the deal will make little difference to Lloyds. It has put £1.8bn on the table and is only likely to change the form, not the substance, of its offer. It would perhaps be better to defer payments as long as possible rather than paying the full amount up-front. But either way, the differences are marginal. Other banks with designs on building societies will be keen to learn C&G's secret formula. But whether it makes sense for them to follow suit is debatable. The remaining targets seem less attractive than C&G. The take-out prices are likely to be steeper.

BT

BT may retreat into its bunker following a survey showing that several of its largest shareholders have a poor opinion of its top management. The company may seek to comfort itself with the notion that the survey, conducted by its stockbroker Cazenove, was clumsily handled and so not a true reflection of opinion. Alternatively, it could lambast some shareholders' comments for being flippant or criticise those interviewed who did not know the names of top managers as ignorant.

But such a reaction to the survey, which was conducted over the past fortnight, would be a mistake. BT has long suffered from a fortress mentality, in part because it is still making the long journey from state-owned monopoly to private-sector corporation. Indeed, one point made by some shareholders is that BT is about.

The right reaction would be to lower its drawbridge and make a determined effort to address investors' concerns. Although the survey's results have not been published, those who took part have spoken about their views. One message is that some are confused over who is running the company. Sir Iain Vallance is both chairman and chief executive, but Mr Michael Hephner, group managing director, is seen by some investors as effectively the chief executive. BT is such a huge organisation that it will never be possible to say that a single person runs it. But its vastness is also a reason for allocating responsibilities as clearly as possible. If investors are confused, BT must enlighten them.

Railtrack plans appeal to staff as union steps up strike action

By Robert Taylor,
Labour Correspondent

Railtrack plans to make a further direct appeal to its 4,600 striking signallers in an attempt to prevent the steepening up of the dispute after next week.

The company will write to staff with more details of its latest productivity pay offer in the next few days.

Railtrack managers said signallers staff are confused by their union executive's decision to move to a 48-hour strike from noon on Tuesday, July 26. The sixth 24-hour Wednesday stoppage is planned for July 20.

Railtrack said it had heard from about a quarter of the strikers on a special telephone "hotline" over the past fortnight through its "hearts and minds" campaign. While the company

acknowledges that the staff remain loyal to their union's leadership, the calls were helping management clarify and improve its pay offer.

An official said that Railtrack had not yet reached the point when it might consider imposing new contracts of employment on the signallers grades which would change working practices.

The company has ruled out the option of dismissing the signalling staff and replacing them with a newly trained workforce. Railtrack believes that would close down the network for at least three months and deal a mortal blow to the company's future.

Railtrack continues to hope staff will put pressure on the RMT leadership to restart peace talks. The staff have already lost £300 in pay through the strikes.

They are set to lose as much as £180 a week, more than 80 per cent of their earnings, if they move to 48-hour stoppages.

Mr Jimmy Knapp, the RMT's general secretary, said yesterday there were still 10 days left to reach a settlement with Railtrack before the first consecutive three days disruption takes place.

He continued to insist that Railtrack must agree to an interim payment for past efficiency achievements before going on to negotiate a restructuring package worth between 13 and 26 per cent on basic rates.

Employer organisations are concerned at the cost of the rail conflict for business. The Institute of Directors warned yesterday it could seriously damage the economic recovery and hit Britain's reputation as a reliable place to do business.

Dollar boost

Continued from Page 1

Analysts were sceptical yesterday, though, about whether the US currency was experiencing anything more than a temporary correction. Investor sentiment towards the currency remains bearish.

Mr Avinash Persaud, head of currency strategy at JP Morgan, said the US Federal Reserve was slow to respond to inflationary pressures. He said he doubted whether the sharp rally in US bond prices, which supported the dollar, could run much further.

Italian corruption suspects

Continued from Page 1

Biondi, the justice minister. "Everything can be modified, as long as the basis of the decree is not overturned."

The prime minister said the decree had his full backing and that of the whole cabinet.

In a reference to the Milan team, Mr Berlusconi said certain magistrates "had become stars, and are disappointed if their faces don't appear on television frequently. What better way to become the centre of attention than to adopt this or that measure reducing people's liberty

and putting them in prison?"

Mr Antonio Di Pietro has led the two-year crusade against widespread corruption in Italian business and politics which brought down the previous regime and prepared the way for Mr Berlusconi to win office in the March general election.

While Mr Di Pietro's prosecution of suspects in the first of the so-called *Tangentopoli* ("Bribeville") trials has been followed by the public on television, questions have been raised about the magistrates' use of the media and the threat of detention to shame suspects into confession.

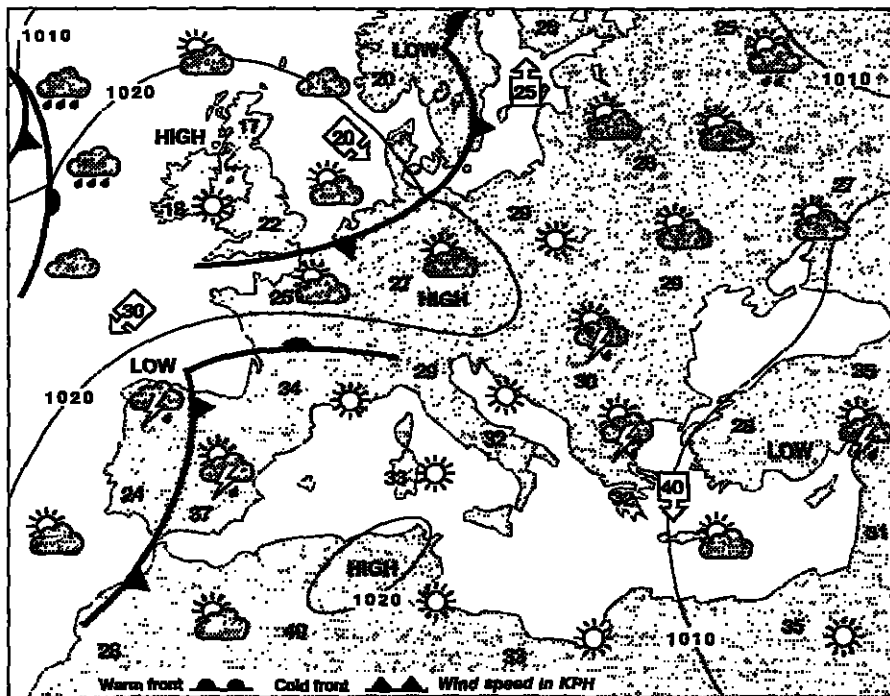
FT WEATHER GUIDE

Europe today

High pressure over western Europe will bring mainly dry conditions. The Channel area and the Benelux countries will be cloudy. Spain and Portugal will have thunder showers during the day. Spain's Mediterranean coast will be dry, sunny and warm. Greece and Italy will also be sunny and warm. There will be strong northerly winds over the Aegean Sea. Central Europe will be mainly sunny with some local thunder showers over the Balkans and Poland. Temperatures in Sweden and Norway will fall slightly, but Finland will continue warm.

Five-day forecast

After sunny and warm conditions, thunder storms will move from Spain through western France towards the Benelux countries and Germany. The Mediterranean holiday resorts will continue sunny and warm with high temperatures spreading again over Italy and Greece. The British Isles will become more unsettled as depressions approach early next week. Scandinavia will stay warm with some thunder showers.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum	Berlin	31	Cardiff	21	Frankfurt	26	Madrid	35	Rangoon	min	30
Minimum	Berlin	17	Cardiff	17	Frankfurt	17	Madrid	24	Rangoon	rain	13
Abu Dhabi	sun	39	Belfast	sun	30	Geneva	sun	32	Rio	sun	20
Accra	show	28	Birmingham	sun	27	Glasgow	sun	20	Rome	sun	32
Algiers	sun	36	Bombay	sun	32	Hamburg	sun	24	S. Francisco	sun	22
Amsterdam	sun	23	Buenos Aires	sun	19	Helsinki	sun	14	Seoul	show	32
Athens	sun	32	Calcutta	sun	30	Hong Kong	sun	27	Singapore	show	31
Atlanta	thund	33	Chennai	sun	27	London	sun	21	Stockholm	show	26
B. Aires	sun	14	Cairo	sun	31	Luxembourg	sun	27	Sydney	sun	31
B.ham	sun	22	Chengdu	sun	22	Manchester	sun	27	Taipei	sun	29
Bangkok	show	32	Cebu	sun	30	Moscow	sun	25	Tokyo	sun	31
Barcelona	sun	30	Dubrovnik	sun	19	Munich	sun	28	Toronto	sun	28

Your bonus program.
Lufthansa Miles & More.

Lufthansa

LOEWE
Since 1846

130 New Bond Street, London W1Y 9FA Tel: 071-998 9914; 6 Royal Exchange, Cornhill, London EC3V 3LL Tel: 071-283 7636
The Loewe Shop, Rooms of Luxury, Harrod's, Knightsbridge, London SW1X 7XL Tel: 071-730 1334 ext. 2464
The Loewe Shop, Mitsukoshi, 14-20 Lower Regent Street, London SW1Y 4PH Tel: 071-839 6714 ext. 237

Weekend FT

SECTION II

Weekend July 16/July 17 1994

Confessions of a temporary sports writer

Jurek Martin, US Editor, has spent a month covering the World Cup. The task, he admits, has had a 'curiously restorative effect'

Unless encased in a time capsule, you know that the World Cup of soccer stages its final tomorrow in the Rose Bowl in Pasadena, near Los Angeles. You will also know who it is between (Italy and Brazil), how they got there and who their star players are.

You will also have got the impression that the whole tournament, held for the first time in the US, has been quite a bit on the field and off it. All this you will know, even if you do not care too much, because the World Cup has been inescapable for a month. As much as half the population of the world may watch the final on television, which is more than can be said for any other event, political, military or cultural, though the Apocalypse might get good ratings if properly previewed.

What you cannot know, because it has never before been revealed other than to a select few, is its impact on one person. If all politics is local, all sports is personal, so here is a confession. I like sports. I watch quite a lot of them and play quite a few of them, with degrees of competence ranging from the sub-par (sadly not in the golfing sense) to the sub-human. But I know an *oshi-dashi* when I see one; I recognise when the in-field fly rule applies; and I have a well-thumbed collection of the very best sports writing from Lardner through Angell to Boswell.

But soccer has never been kind to me, at least not since I was 10 and the second highest goalscorer on the RGS Worcester prep school team (whatever happened to Barry Dinsdale?). It has given me a broken

nose and a metal pin which even now runs through the medial epicondyle of my left elbow, an impediment to the promising career of a slow bowler. For this and other metaphysical reasons I have not kicked a ball in anger or design for 30 years.

Soccer had also begun to bore. The English game seemed brutal and the international game, as in the last World Cup, tactically sterile. The English stadiums were Victorian, the crowds ugly and the edge of partisanship, local and national, unpleasant.

I found I did not care who won the FA Cup, the League Cup or the Nissan Chocolate Coloured Peanut Cup. I once saw Gazza in the flesh - he was played off the Highbury field in London in an under-21 international by someone called Cantona but compensated by head-butting another Frenchman - and could not understand what all the fuss was about.

So my heart did not initially soar like a hawk when it was suggested by the powers-that-be that because I was known to have sporting interests, and because the World Cup was coming my way, I might like to take it on. It did not exactly sink like a lead waistcoat, either, because a break from trade wars and "gates" beyond number had its charms, but the mental jury was still out.

For a start, if you are going to cover anything, from goldfish racing to the White House, homework is necessary, which is not easy to do in a country where soccer has not necessarily outdrawn goldfish racing since Pelé retired. Of course, the game is played extensively, but not



Romário, star of Brazil and of the World Cup, celebrates his game-winning goal in the semi-final against Sweden in Pasadena. Brazil play Italy in tomorrow's final

in places easily accessible without a guide to suburban schools and public parks and not at an instructive level, unless "swarm soccer" (the term needs no explanation) by six-year-old girls is the wave of the future.

Most countries are very insular about their sporting passions, none more so than the US, though Sports Illustrated, the bible, did devote a page and a picture to Brian Lara a few weeks back. Baseball has a "World Series", but only teams from North America are eligible and only two years ago did a Canadian side actually win it (directly leading to the obliteration of the conservative government in Ottawa).

There is no serious international competition for the US in American football and none in basketball, either. When the US hoops team lost to the Soviet Union in the 1972

Olympics, a hot war nearly ensued, only resolved in the Gorbachev era when the best US professionals were allowed to win gold medals by beating up teams from Senegal, or possibly the Ivory Coast.

So, as seen from the western side of the Atlantic in the months preceding the Cup, the earnestness of the US organisational build-up was not much help. Apart from Diego Maradona, Lothar Matthäus and Roberto Baggio - all dutifully profiled - the players seemed indistinguishable, with the exception of the US team, which was profiled to death.

In spite of this, the US did OK, making the second round and only losing by a goal to Brazil. But any sane person's appetite for profiles over the last month has been sated by those that accompanied the murder charges against O.J. Simpson, the former gridiron great, all of

which tended to prove that the qualities that make a fine football player do not necessarily relate, whatever the image-makers may try on, to real life. So what if Baggio is a Buddhist?

There were, of course, engaging diversions. But the technical challenges of growing live grass in the enclosed Superdome in Pontiac, Michigan, can only have seriously fascinated ardent horticulturalists. Equally, there was an instant surge in the demand for computer and graphic designers able to depict how to trap, head and pass a ball, but that I knew already from dim memory.

Occasional controversy bubbled out of the organisation. Journalists were asked to put down a \$500 deposit for accreditation, which seemed un-American. Worse, we were asked to agree to security checks into our backgrounds, which

seemed illegal. This requirement was only withdrawn in the face of the sort of US media opposition that could have resulted in no domestic coverage at all.

Then, although the dreaded British fans were not coming, fear of Norwegians rendered crazy by rain, dear meat past its sell-by date and of Koreans high on *kimchee* prompted the announcement that security fences would be placed around the perimeter of several venues, including RFK Stadium in Washington. Local opinion was outraged. Why not heads on stakes or a most filled with piranhas, wrote Tony Kornheiser, the Washington Post's very funny columnist.

Meanwhile, in the real world of the baseball diamond, Ripken was closing in on Gehrig's record for durability. Griffey was on a home-run pace to beat Maris, and there were rumours, finally confirmed,

that the great Valenzuela would again be lured out of his Mexican fastness. No, life did not look promising for me, the World Cup or the power-that-be.

Then it started. It began just a month ago in Soldier Field, Chicago, with Germany playing Bolivia, an unpromising match-up if ever there was one, but it was not half bad. Then it escalated - two, three, four games a day, a cornucopia. Games could be caught in the flesh, on the box, in English and Spanish (much better in Spanish, no language lessons necessary - the average length of commentator Andreas Cantor's shout of "Goal!!!!!!" was computed at 6.7 seconds).

There was drama, there was bathos, high play and low play, upsets and routs. Maradona and the

Continued on Page XII

CONTENTS

- Finance & Family:** Where to get the best mortgage deal III
How to Spend It: Putting yourself in the shade IX
Travels: The Silk Road through Uzbekistan XI
Fashion: Where to get trendy menswear tailor-made VIII
Property: Homes within putting distance of the golf course XV
Books: Jackie Wulfschlaeger on Robert Louis Stevenson's letters XVIII



From Madrid to Galicia and from haute cuisine to tapas. FT food and drink writers visit Spain X

- Arts** XIX-XX
Books XIX
Bridge, Chess, Crossword XIX
Fashion VII
Finance & the Family IX-XX
Food & Drink X
Gardening X
How To Spend It IX
Lunch with the FT XIX
Motoring XIX
James Morgan XIX
Motoring XIX
Property XIX
Small Business XIX
Sport XIX
Travel XIX
TV & Radio XIX

Long View/Barry Riley

Jumping Jupiter!



For the week of the end of the world, Freddie seemed surprisingly cheerful. My coffee futures positions are up 200 per cent this year, he boasted. "Never thought I would enjoy a bracing hard frost quite so much!" I should have known better than to accept an invitation to the annual Candlestick Charts Convention.

Scarcely had I emerged blinking from the session on combining candlesticks with stochastic oscillators than inevitably (it seemed) Fringe Freddie was there with the rasping voice, the gleam in the eyes and the overwhelming enthusiasm for the latest esoteric investment pursuit. I was trapped. If only I had a mobile phone that might conveniently ring...

"Stop writing all that rubbish about paper securities. Fill your boots with commodities, dear boy," he thundered. "Bonds are fraudulent, equities are dead."

"Mind you, when the fragments of Jupiter hit us we may be dead too, like the dinosaurs 65m years ago when the comet came here. But just think what two years with the sun blotted out would do to the prices of sofa. Worst case scenario, of course - but not priced into the markets at all," Freddie grinned happily at the prospect.

Presumably, I replied, he was referring to the Shoemaker-Levy 9 comet with the planet Jupiter. More than 20 pieces of the broken-up comet would slam into the planet at a speed of 60km a second over a period of a few days, starting this weekend. But surely scientists were predicting that the impacts would be unobservable from the Earth, however uncomfortable they might be for any aliens who happened to be domiciled on the wrong part of Jupiter. Hardly had I said this, than I realised I was simply providing raw material input for Freddie's conspiracy theory tendency. "But what are the scientists privately telling the world's leaders?"

Freddie said. "What we see in the conventional media is a typical cover-up to prevent a global panic. Fact is, there's a 50-50 chance that the outer layers of Jupiter will be blown off to create a dust cloud that could reach as far as the Earth's orbit, cutting sunlight levels by half for up to two years, and incidentally disrupting other cometary paths. It's all been set out in the *Astrofinancial Letter*, but of course the establishment papers have been told to keep quiet. So buy agricultural commodities, and while you're about it, short suntan cream shares too."

There was no stopping Freddie now. "Haven't you wondered why they did nothing at the global summit in Naples last weekend about the collapse of the dollar? The answer's simple, they knew they didn't need to. When Jupiter blows, the big agricultural producers like the US will hold the rest of the world to ransom. The yen will be dead meat."

Hold on, I said impatiently. Freddie should know he has a tendency for fads and fashions to get the better of him. Last time we met he was heavily into gold, if I remembered correctly, about \$380 an ounce. But it had gone nowhere. Whatever happened to his theories about inflation and monetary collapse?

"Only a matter of time," said Freddie. "The gold market has been rigged. Haven't you also wondered why the bullion price has been so *unusually* steady recently? There's been a secret deal between the Americans and the Saudis: if the Saudis dump gold and help to hold the price down the Americans will push the crude oil price up by buying for their strategic reserve. Neat, eh? But this was just another wild, unproven idea, I protested. There had been so many in the past. What was it he had said on a previous meeting about the eruption of Mount Pinatubo and the cloud of dust which would cool the globe? But the temperature in London had hit 92° this week. Now, it appeared, he was importing a cloud of

dust from Jupiter to replace the unreliable terrestrial volcanic variety.

"Jupiter is the icing on the cake, old boy," he rasped. "It's all happening to commodities already. It only takes a cold front or two over Minas Gerais state in southern Brazil to send the coffee price up threefold. Western consumers have become complacent about commodity prices but they're on a knife-edge. Coffee is still only half the price it reached in the 1970s. The Third World is going to hit back."

Don't bet on it, I said. The coffee bubble was a completely artificial creation of the US commodity and hedge funds which had created a one-way market. They were in league with greedy Brazilian farmers and merchants phoning in uncorroborated scare stories of killer frosts.

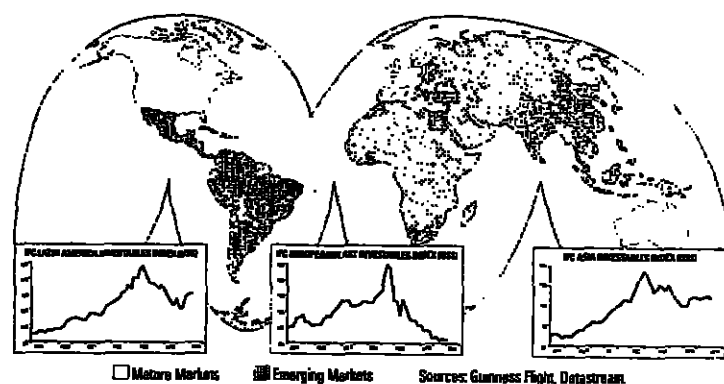
In any case, only half the Minas Gerais crop could be affected at maximum. That was only 5 per cent of the global coffee crop. How could that possibly justify a trebled price? Nestlé and Maxwell House would not fall for such a basic trick. In any case, just wait until the hedge funds started to rotate into something else.

Freddie looked at me pityingly. "This is just the start of the dash into real assets," he said. "No one's woken up to just what the politicians are doing. The Germans have given up controlling the money supply. Their M3 is rising at 15 per cent a year and the Bundesbank is just laughing. Meanwhile the Americans are hell-bent on devaluing the dollar to sustain the US economy long enough to get Clinton re-elected in 1996. Gullible investors are being stuffed with trillions in global bonds while the politicians plan to repay in Mickey Mouse money. I'd rather own Euro Disney shares, myself."

Er, fascinating stuff, I said unconvincedly, but it was time for the presentation on candlesticks and Elliott Waves. Perhaps we could meet later for coffee? "I can't afford to drink the stuff any more," said Freddie. "Much too expensive. I've switched to tea instead."

GUINNESS FLIGHT

GLOBAL EMERGING MARKETS FUND



We believe investors should hold up to 10% of their international equity portfolios in the Emerging Markets - to secure exposure to some of the world's fastest growing economies. Guinness Flight's new Global Emerging Markets Fund offers a number of advantages:

GOOD TIMING
 The recent correction in many of these markets (shown clearly in the graphs above) offers a good opportunity to establish long term positions in these economies.

ASSET ALLOCATION APPROACH
 Guinness Flight's particular approach to managing a global emerging markets fund will be to emphasise (with a policy of wide diversification) asset allocation between markets. Initially, the fund will be weighted towards the rapidly growing Asian markets. To minimise the problems of poor liquidity, exposure to emerging markets will be achieved principally through country funds or internationally traded

privatisations, utilities or similar stocks.

FOCUS ON CURRENCY RISK
 Particular attention will also be paid to potential currency risks and opportunities, offered by these markets.

Asset allocation and currency analysis are areas of proven expertise at Guinness Flight, as evidenced by major Mactrop Awards received in 1991, 1992 and 1993.

LAUNCH DISCOUNTS
 Until 30 September, 1994, there is no initial charge on the fund for investments of £30,000 or above. Investments of less will receive a 1% discount, off the fund's normal initial charge of 5%, during this period.

Return the coupon today, call our Investor Services Department on (441) 481 712176 or contact your Financial Adviser.

GUINNESS FLIGHT
GLOBAL EMERGING MARKETS FUND

Return to: Guinness Flight Fund Managers (Guinness) Limited, Guinness Flight House, PO Box 252, St Peter Port, Guernsey GY1 024. Tel: (441) 481 712176. Fax: (441) 481 712085. Please send me details of the new Guinness Flight Global Emerging Markets Fund.

Title _____ Initials _____ Name _____
 Address _____
 Country _____

The Guinness Flight Global Emerging Markets Fund was established on 20 June, 1994 as a share class of Guinness Flight Global Strategic Fund Limited, one of Guinness's largest investment management companies. Investors should be aware of the volatile nature of emerging markets and the risk that the value of any investment may fall as well as rise. Past performance is not necessarily a guide to the future. The value of this investment and the actual return that it may achieve will vary and is not guaranteed. Based on Guinness Flight Global Strategic Fund Limited, a member of Guinness Group Limited, Guinness Investment Services Limited (GUISL) 12000000

MARKETS

London

Foreigners return in force

Roderick Oram

By in July and hope they stay high was the motto of the week, emboldening a nervous market and turning an old aphorism on its head. Encouraged by rallying European bond markets, investors, particularly foreigners, returned in force to London equities for the first time since February. The FT-SE 100 index gained 112.4 points, or 3.8 per cent, on the week to close at 3,074.8.

Playing by the old rule of sell in May and stay away cautious investors had captured a good chunk of each year's gains over the past decade except last year.

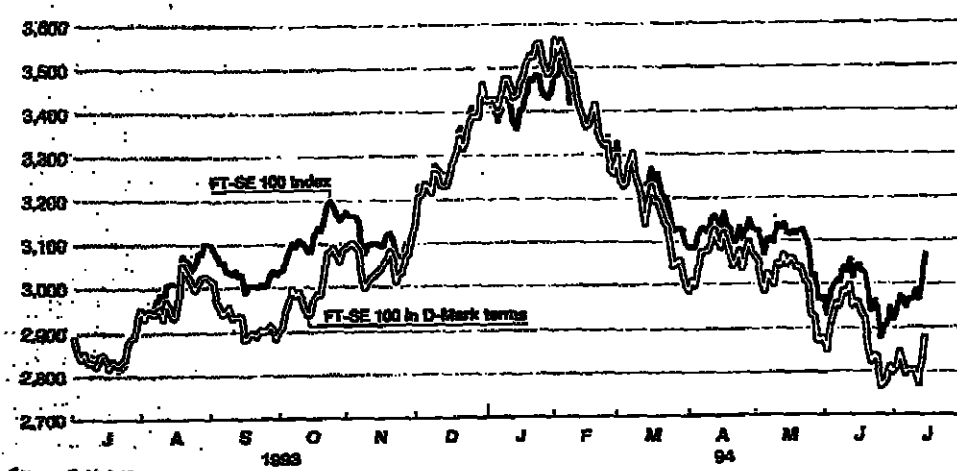
Last year the market rose 23 per cent from its July trough to its December peak. This year, anyone rash enough to sell in May would be in just as much trouble. They would have crystallised a loss of 18 per cent since the market peaked in February if their portfolios tracked the FT-SE 100 index. They would also be

missing out on the recovery that appears to be underway. The trigger was a switch by global investors out of dollar bonds into European bonds. They were seeking some haven from the dollar which continued to fall after the Group of Seven summit last weekend failed to offer it support.

Gilts had a particularly good rally. They rose six days in a row up to Thursday's close, their longest continuous improvement since their rout had begun in February. The run stalled yesterday, however, when the Bank of England announced it would sell long-dated gilts at its next auction. This would appear to signal that the authorities believe yields will fall no further, having reached a level appropriate to economic conditions.

In spite of yesterday's hiccup, optimism is running high in bond markets. "False dawns have been seen regularly but this rally has a more positive feel," says the bond team at NatWest Capital Markets. "Although still regarded with

Upturn looks even better to German investors



Source: Datastream

suspicion, the much wanted decoupling between US and European markets has been seen."

The optimism was reinforced by this week's UK economic data. June's headline annual inflation rate was unchanged at 2.6 per cent and, minus mortgages, it slipped to 2.4 per cent from 2.5 per cent in May. Unemployment fell in June for the fifth consecutive month, and manufacturing employment rose for the seventh time in 12 months. Construction orders in May hit a four-year high.

Spurred by the gilts rally and the economic outlook, equities enjoyed four strong sessions through the week with the Footsie index gaining more than 40 points two days in a row. The keenest buying appeared to come, however, from foreign rather than domestic investors. One Lon-

don brokerage house said an unusually high proportion of its commissions this week had come from the Continent.

British institutions could still be cautious for several reasons: they have remained invested in equities through the first-half slide; they are still feeling nervous about financial markets after suffering hefty bond losses; index-linked gilts are still offering a high return relative to dividend yields. These investors are unlikely to return with conviction to equities until this key relationship tilts in equities' favour and markets show some durable stability.

Continental investors have a different perspective, however, argues Ian Harnett, chief economist and strategist at Société Générale Strauss Turnbull. Valuations of the UK market look attractive relative to their home markets. The prospective price/earnings multiple for the UK market is, for example, the lowest of any major market; the yield relative between gilts and equities is well below its five-year average, unlike in the US or other European markets; the outlook for UK growth and inflation is positive; sterling's recent fall against the DM and rise against the dollar will increase the competitiveness of UK exports while helping to keep down imported inflation.

German investors, in particular, appear to have been big buyers this past week. All the positive factors about UK equities are true for them, with the currency factor playing a big role. Many had exited from UK equities in February when the market and DM/sterling exchange rate peaked. They had liquidated their UK portfolios when the pound was close

to DM2.60. Now the pound is down to DM2.40, the Footsie index looks as attractive to them as it would to UK institutions at 2,700, Harnett argues.

A keenly priced cross-border deal was also one of the main stories of the week on the corporate scene. Tesco made an agreed £200m bid for William Low, the Scottish supermarket chain. The purchase would boost the English chain's share of the Scottish market from 7.1 per cent and fourth place to 13.7 per cent and second place. J Sainsbury, the leading UK chain, could spoil the deal with a counter-bid but such a move would be uncharacteristic. Low became vulnerable to a takeover after discount chains began to expose the high overhead it was trying to carry on a narrow geographic base.

While the Tesco bid was driven by commercial logic, it could also indicate that the stock market is again offering attractive enough values for a resumption of bids. While the stock market rallied strongly from last July to this February, many acquisitive companies complained valuations were too rich to make takeovers practical.

One conglomerate who could boast of success this week was Greg Hutchings, head of Tomkins. His October 1992 purchase of Rank Hovis McDougall, the baker and foods group, was much criticised by the market but in the year to April results reported this week, RHM contributed at least four percentage points to the 14 per cent rise in earnings per share. The only thing Hutchings laments is that investors are still reluctant to buy Tomkins shares in the hopes they will stay high.

Serious Money

First the rethink, then the squabble

Gillian O'Connor, personal finance editor

Chelttenham & Gloucester savers and borrowers have another nail-biting month ahead of them. The society has abandoned its original scheme for dividing up Lloyds Bank's £1.8bn. The scheme was vetoed in the High Court in June, and C&G has decided not to appeal.

It is, however, confident that it can produce a new scheme which will be acceptable to members and lawyers alike. Details and a timetable are expected in mid August. (See Section I of today's paper.)

All those scheduled originally to benefit from the division of the spoils should keep their fingers crossed. Those who have most to hope and least to fear are the savers with qualifying accounts who have held them for more than two years.

Those with cause to worry are savers with less than two years' service and borrowers. Their strength is that they account for roughly a quarter of the votes, so C&G is eager to have them on-side. But even if it would like to find other ways of getting money into their pockets, its options are limited - particularly for rewarding borrowers. (See Section I for some possibilities.)

Whatever the new plan, the danger is of a wrangle between voting members with different interests; this could scupper the plan. As in some Victorian melodrama, both legitimate heirs and illegitimate ones are waiting to see who gets what from the overall estate. Once C&G's last will and testament is known, the squabble can begin.

□ □ □

Anyone unaware that rolling settlement starts on Monday must be blind, deaf and dumb. Advent calendars pop out of every financial newspaper. But rather less has been heard about margin trading - buying shares on borrowed money,

with only a small down-payment.

There are two reasons why it becomes an issue automatically after the death of the old account system, which netted out all deals within a two week account period.

First, the average period between dealing and paying will be shorter. So, many investors may find it hard to settle on time.

Second, account traders - speculators who buy and sell within the account - will have to find a new game. Under the old system, they hoped to make money without putting any up in the first place.

The obvious alternatives under the new system are either switching to futures and options, or trading equities on margin. But both types of investment are relatively high-risk because they involve "gearing" - evocatively known as "leverage" in the US, where both are common.

You put up only a small percentage of the value of the deal initially (the margin), and hope to make a profit before the date on which full settlement is due.

Like someone buying a house with a mortgage, you benefit disproportionately if the price rises and suffer disproportionately if it falls.

British investors wanting to trade on margin may find the present situation confusing, however. For, although the Securities and Futures Authority has rules designed to protect investors, there are no rules telling brokers how to handle the commercial side of margin trading.

For example: what interest rate to charge; what percentage margin to demand; what securities to accept as collateral; how to value the collateral for margin purposes; and what to do if a client breaches margin requirements.

Some brokers are avoiding the problem by suggesting that account traders simply roll over a deal from one settle-

ment day to the next. The official line seems to be that a margin of around 70 per cent would normally be about right.

One of the more aggressive brokers is offering minimum margins of 30 per cent already. Others are still dithering at the starting post. A bit of a good British bungle, what?

□ □ □

If you want a good example of gearing at work, look no further than the coffee market. The price has moved from under \$1,200 a tonne to more than \$4,000 this year. Most of the rise has occurred since late May because frosts have damaged the crop in Brazil.

This is the kind of market about which commodity speculators dream. In their dreams they are, of course, always on the right side of the trade. In real life, though, not everyone can be on the right side of a trade. Here is what might have happened to a couple of speculators.

First, the background. The price reached a temporary peak of \$2,430 a tonne on May 24, fell back to \$1,575 on May 27 - just three days later - and then began the long climb up to \$4,000.

On May 24, the value of one futures contract (five tonnes) would have been \$12,150. A typical margin would have been around \$2,500, roughly 20 per cent.

Anyone who sold on May 24 and closed out the contract on May 27 would have made a profit of \$2,775. So, within four days, he would have made a profit of more than 100 per cent on his actual investment. Anyone who had bought at the top and sold at the bottom would have made a similar loss over the same few days.

Now assume both our speculators had stuck with their original investment until this week. The bull would have made a profit of \$8,775, the bear a similar loss. Gearing is a double-edged machete.

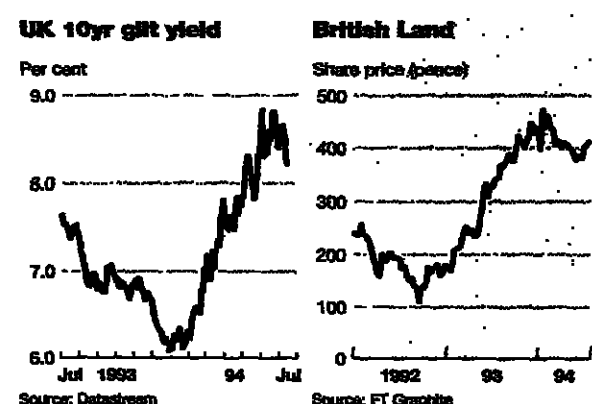
HIGHLIGHTS OF THE WEEK

	Price ytd	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3074.8	+112.4	3520.3	2578.6	Overseas fund buying
FT-SE Mid 250 Index	3551.3	+98.7	4152.6	3363.4	Growth stocks bought
BAA	955	+34	1083	880	Bumper traffic fig for June
BP	400	+15	414%	340	Oil price tops \$18 a barrel
British Steel	157	+11%	162	121%	Profit expectations upgraded
Carlton Comics	884	+40	1047	520	Advertising spend forecasts up
GKN	620	+32	632	510%	Broker's recommendations
Great Universal	574	+21	653	549%	Share buy-back hope
Johnson Matthey	574	+83	628	488	Confident agm statement
Low (Wm)	253	+84	253	138	Counter bid anticipation
Pearson	898	+55	735	570	Channel Five news
Peel Hodge	288	-23	398	298	High Court ruling overshadows
Rank Organisation	402	+40	447%	355%	Better than expected figures
Sedgwick	162	-8	222	157	Credit Lyonnais downgrade
Wills Corroon	135	-7	245	133	Seller of 2% stake

AT A GLANCE

Finance and the Family Index

- Best mortgage buys III
- Rolling Settlement/ Directors' dealings/ Week Ahead IV
- Australian stockmarket/ Pensioners bond V
- Tax traps/ The Professionals/ Highest Rates VI
- Q & A Briefcase VII



Big boost for UK government bonds

In spite of a slight set-back in late trading yesterday, UK government bonds made strong gains this week as a more positive mood returned to European government bond markets. The yield on the 10-year benchmark gilt fell back by about ½ percentage point as prices rose by about three points. During the week, the weakness of the US dollar encouraged some investors to shift out of US Treasuries into European bonds. Gilts were also bolstered by data pointing to steady UK economic growth with low inflation.

The Bank of England's successful sale of three new tranches of existing gilts helped market confidence. Its next auction, on July 19, will be of medium- to long-dated conventional gilts.

Soros sells British Land stake

George Soros, the international financier, has sold the majority of his Quantum Fund stake in British Land for a 35 per cent profit, and has also disposed of the fund's shares in Berkeley Group, the Surrey-based housebuilder. Soros's entry into UK property was the trigger to last year's dramatic surge in property shares.

C&G will not appeal

Chelttenham & Gloucester building society has decided not to appeal against the recent High Court veto of the original plan to distribute the £1.8bn offered by Lloyds bank, which wants to take over the society. It is confident that it can make an alternative proposal which will conform with legal restrictions on which C&G customers can receive sweeteners. This plan is expected in mid-August.

Goodbye to the account system

Britain's idiosyncratic system of two-week account periods for dealing in equity shares ended yesterday. Under the account system all transactions within the account period were aggregated and clients settled the net amount due on settlement or account day. As from Monday Rolling Settlement takes over.

Smaller companies sluggish

Smaller company shares responded sluggishly to the general recovery in the UK stockmarket. The Hoare Govett Smaller Companies Index (capital gains version) was 0.6 per cent higher at 1616.38 over the week ending July 14. Over the same period the FT-SE-A All Share Index has risen 2.8 per cent. But smaller companies have still held up better over the year to date.

Next week's family and finance

The move to Rolling Settlement has made brokers' charges even more complex. We explain who is doing what.

A month is a long time in soccer

Call it the World Cup Effect. Since the week the tournament kicked off on US turf (real, not artificial) US shares have been on the slide. Now, with the end finally in sight, stock prices have clawed their way back to almost exactly their level of four weeks ago. For stock market watchers, as for soccer fans, a month can seem like a very long time.

The Soccer Cycle, to be fair, has coincided neatly with recent swings in sentiment in the US over the outlook for interest rates. The fortunes of their football teams may have influenced some Latin American countries' financial markets, but the sport has not yet put down real market-moving roots in the US.

A month ago, the dollar's plunge sparked a bond market retreat amid concern that the Federal Reserve would raise interest rates to defend the currency. The dollar may have bounced back - it touched a new low against the Japanese yen at the start of this week - but the relative stability in currency markets of recent days and some prom-

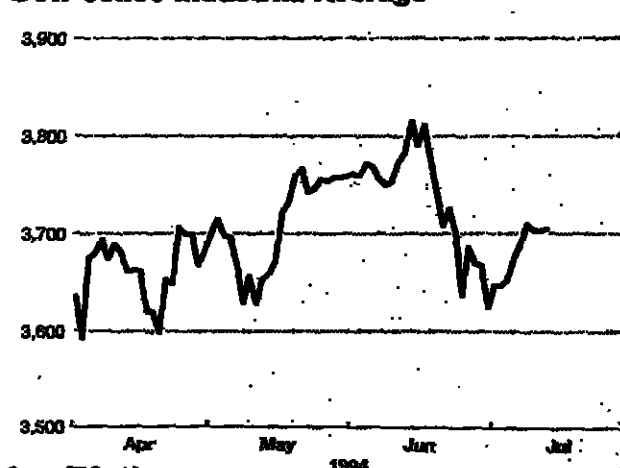
ising economic data have set the stage for a modest rally for both stocks and bonds.

The good news for the financial markets trickled out during the week. On Tuesday, June's producer price index turned out to be better than expected; the index remained flat during the month, compared with a general belief that it would rise modestly (higher producer prices feed through eventually into higher consumer prices, which leads to inflation and higher interest rates).

On Wednesday, the producer price index for June matched expectations with a small rise, while June's retail sales and the latest week's jobless figures, released on Thursday, were generally seen as positive.

With this data out of the way, there is little on the immediate horizon to trouble the markets (the Federal Reserve's interest rate policy-making committee next meets in mid-August, but nothing seen in recent days is likely to force it to shift its stance). And that has allowed US traders and investors to focus instead on how the US corpo-

Dow Jones Industrial Average



Source: FT Graphite

rate sector is faring, rather the bigger macro-economic picture.

Two corporate events have set the tone. First, something to set Wall Street's pulse racing: the promise of multi-billion dollar takeover battle (or perhaps even two.) When CBS, the television network, agreed a takeover of home shopping cable TV group QVC 10 days ago, both companies'

shares jumped. Last week, a rival bidder cable television bidder - Comcast - stepped in to claim QVC.

The result: both QVC and CBS shares jumped again. There could be other bidders for QVC. Also, CBS's attempt at a deal had revealed its own weaknesses (both in its lack of cable TV interests and in management), exposing it as another potential takeover

candidate. CBS shares were trading at \$312 at midday yesterday, up from \$300 earlier in the week, while QVC stood at \$44.

Meanwhile, the reshaping of the healthcare industry continued apace. Eli Lilly, the drug company, agreed to pay \$4bn for distribution company PCS, while Kendall International, a medical supplies company, is to be acquired by manufacturing group Tyco International for \$1.4bn.

The second big moment of the week was the release of second-quarter earnings from Chrysler. Coming at the very beginning of the latest US earnings season, the car company's record post-tax profits of nearly \$1bn (40 per cent up on a year before) appeared to confirm analysts' confident predictions - for across-the-board earnings advances. Chrysler's shares jumped 1½% on the news, to \$51½, though by yesterday they had retreated to \$49½ on profit-taking. Further strong earnings reports in the coming days could do much to calm Wall Street's frayed nerves of recent weeks.

Will it set the stage, finally,

for the summer rally of which US investors have been dreaming? A jump in share prices during the summer is a traditional part of the US investment scene. Perhaps not surprisingly, talk of a summer rally, which began in May, has resurged. The Dow Jones Industrial Average yesterday inched back to 3736.98 - just five points shy of where it was when the World Cup got into full swing, and more than 100 points above its low of a fortnight ago.

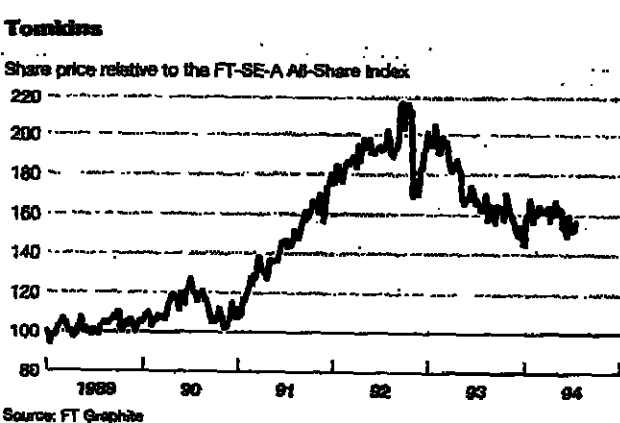
All the same conditions are in place for shares to stage some impressive gains as a month ago; no immediate fears over interest rates, a rebound in corporate earnings, and the prospect of more big takeovers in the telecom, media, finance and healthcare sectors. Only, as the Soccer Cycle has proved, it does not always work out that way.

Richard Waters

Monday	3702.99	-06.15
Tuesday	3702.66	-00.33
Wednesday	3704.28	+01.62
Thursday	3739.25	+34.97
Friday		

Bottom Line

Why the City is off its food



Source: FT Graphite

industry in the middle of a price war the deal was regarded as extremely risky. Even more alarming, Tomkins was paying a price that Hanson, Hutchings' former employer, considered over the top.

Mr Hutchings argued that Tomkins' expertise was in managing industrial businesses not in making particular products. After all, it had known nothing about hand-guns when it bought Smith & Wesson or lawnmowers when it acquired Murray Ohio but had made a success of both.

But the City was not convinced and since the RHM deal was first announced Tomkins' shares have lagged the market by over a quarter.

Yet Tomkins has so far delivered everything it promised. In spite of the broad price war and a disappointing performance from the Mr Kipling and Cadbury's cake operation, the RHM businesses contributed profits of £102.5m in the year to April. Of the healthy 14 per cent increase in group earnings per share more than 4 points were thanks to the RHM acquisition. And with the rationalisation programme only half completed there should be more to come.

Tomkins' existing businesses also performed well helped by the buoyant US economy, which provides half group profits, and tentative recovery in the UK, which accounts for most of the rest.

With last week's figures Tomkins provided reassurance on another of the City's worries - the impact of the fall in the dollar. The company revealed that it has hedged this year's dollar profits at a rate of \$1.48, almost 7 per cent better than last year.

It also displayed a healthy balance sheet with net cash of £156m and total shareholder funds of almost £90m. While its poor share rating precludes further acquisitions financed by share issues that balance sheet could support a large deal funded by debt, though not on the scale of RHM.

Meanwhile analysts believe profits could rise from £257m to £300m this year putting the shares at 234p on only 12½ times earnings. Tomkins argues that the pricing pressure in food is no worse than it has faced for many years in its other businesses. But it now looks unlikely that the shares will be re-rated in the short-term until conditions start to improve. When that happens the shares will have a lot of ground to make up.

David Wighton

FINANCE AND THE FAMILY

Cash in on mortgages

Lenders are putting out some tasty bait, says Scheherazade Daneshkhu

People often move house in spring, but recent building society lending figures showed even fewer did so this year than last. As a result, societies are waving wads of cash in front of potential customers. Depending on your circumstances, these could make it worth switching to another lender - even if you do not intend to move house.

Fixed rates
The table shows a selection by mortgage broker John Charcol of the better deals on the market. Try to avoid compulsory buildings or contents insurance unless you cannot get a better deal elsewhere. All fixed rates carry a fee along with early redemption penalties; the latter make the cost of switching to another lender very high and deter early capital repayments. Against these disadvantages, you can balance the security of knowing how much payments will be over a given period.

Variable rate: discount
The lender gives you a fixed discount on its standard variable rate for a limited period. The largest discounts are for shorter periods.

Discounts are very attractive, so what is the catch? Most lenders will charge early redemption penalties which exceed the discount period, so make sure that their standard variable rate is competitive.

Charcol has just launched a mortgage combining fixed and discount rates. Interest is fixed at 6.75 per cent until January 1 1996, followed by a one percentage point discount on Britannia's variable rate until January 1 2000. The fee is £399.

Variable: cash-back
If you need cash, lenders are offering it. But the Inland Revenue is still deciding whether to tax such payments. In general, you should be able to save more with a discounted rate than a cash-back but it depends on the amount being borrowed and the cash-back limits.

Both discounts and cash-backs are so attractive that it is worth considering re-mortgaging to get one or the other. Ask the lender how much it would charge you to re-mort-

Best Mortgage Buys						
Lender	Interest rate/APR	Unit	Max advance	Minimum Fee	Redem penalty	Comp. BIC
FIXED RATES						
Yorkshire BS	1.80% (2.1%)	1/5/95	95%	£250	3mths	Yes
Hindley & Rugby	4.74% (4.9%)	1/5/96	70%	£100	3mths	None
Northern Rock	4.99% (5.2%)	1/3/96	95%	£200	3mths	Yes
Alliance & Leicester	8.89% (7.5%)	3 years	80%	£300 max	4mths	None
Alliance & Leicester	8.49% (8.5%)	5 years	80%	£300 max	6mths	None
TSB	8.89% (8.5%)	31/3/2004	75%	£250	10mths	None
Capital Home Loans	8.49% (8.2%)	1/3/99	95%	£295	8mths	None
CAPPED RATES						
Bristol & West CMS	6.49% (6.8%)	2 year	90%	£275	3mths	None
Royal Bank of Scotland	8.99% (8.4%)	7/5/99	95%	£295	5mths	None
VARIABLE/DISCOUNT RATES						
Lender	Interest rate/APR	Max advance	Discount	Discount unit	Comp. BIC	
Northern Rock	7.74% (7.8%)	90%	5.25% to 1/8/95-2.49%		Yes	
Bank of Ireland	7.60% (7.9%)	75%	5.00% for 1 yr -2.80%		None	
National & Provincial	7.84% (8.1%)	95%	4.00% for 1 yr -3.64%		Yes	
Leeds	7.74% (7.9%)	80%	1.00% to 1/1/99-5.74%		Yes	
FIRST TIME BUYERS RATES						
Lender	Interest rate/APR	Max advance	Discount	Discount unit	Comp. BIC	
Monmouthshire	7.74% (8.2)	95%	7.74% for 5mths- 0%		Yes	
Northern Rock	7.74% (7.8)	90%	5.25% to 1/8/95-2.49%		Yes	
Greenwich	7.84% (8.2)	95%	4.69% for 1 yr -2.85%		None	
Yorkshire	1.8% (2.1)	95%	Fixed to 1/5/95		Yes	
Northern Rock	4.99% (5.2)	95%	Fixed to 1/3/99		None	
Capital Home Loans	8.49% (8.2)	95%	Fixed to 1/3/99		None	

Sources: John Charcol. "Capped rate of 8.75% (8% APR) available in branches but b/c ins. compulsory; fee £300.

ers so that funds are available if you select one of their Peps. Consider investment performance and charges when you make your choice.

Large borrowers
High earners may want more flexible borrowing facilities than available on the high street. Merchant bank Kleinwort Benson has a mortgage management account which offers a draw-down facility charged at the mortgage rate, and a cheque book for minimum withdrawals of £1,000.

Interest on money withdrawn by cheque is charged at 1 percentage point above the

Best cashback buys			
Lender	Amount %	Max (£)	
Bank of Ireland	3.5	7,350	
Halifax	3.75	8,000	
Chelt & Gloucs	3.0	6,000	
Newcastle	5.0	5,000	
Natrl & Prov	2.0	5,000	

Sources: John Charcol

bank's variable mortgage rate of 7.25 per cent. The cash borrowed, together with the mortgage amount, must not exceed 80 per cent of the value of the home and the minimum salary requirement is £35,000.

Fixed-rate loans yield to cash-back incentives

Three months ago, fixed-rate loans accounted for 80 per cent of new mortgage business at the Halifax building society, which has 19 per cent of the UK mortgage market. Today, the figure is around 5 per cent. While the change is extraordinary, it is not hard to explain, writes Joanna Slaughter.

Long-term, fixed-rate mortgages virtually sold them-

selves earlier this year because borrowers were paying less for a fixed-rate loan over three or five years than they were for a standard variable rate. But upheavals in the money markets have reversed this situation.

The borrower who wants a five-year fixed rate now has to pay a premium of around 1.5

percentage points over the variable mortgage rate. As a result long-term, fixed-rate mortgages have all but vanished.

Instead, cash-back incentives show every sign of becoming the mortgage innovation of 1994. Dick Spelman, Halifax general manager, says: "Cash-backs are marginally

more attractive to lenders than discounts. They are still a good deal for the customer."

Cash incentives - which are calculated as a percentage of the mortgage loan - were relatively modest, initially. But building societies are adept at playing commercial leapfrog and it is now possible to get cash-backs of over £7,000.

More generally, a welcome development is that mortgage lenders are moving away from tying borrowers to an endowment policy or to a personal pension plan and are allowing them an unrestricted choice of repayment vehicle. Similarly, fewer lenders now make their own buildings and contents insurance a non-negotiable

part of a mortgage offer. It is still possible to get 100 per cent advances. These can prove a lifeline for house-owners who need to move but remain caught in the negative equity trap. The Bank of Scotland and Royal Bank of Scotland provide them and others, such as the Household Mortgage Corporation and Skipton Building Society, have 100 per cent schemes specifically for negative equity victims.

BES hits a snag

The dangers of property investment are highlighted this week in a letter received by 3,900 investors in Johnson Fry's SCAT (Smaller Company Assured Tenancy) business expansion scheme.

The BES gave investors generous tax breaks for investment in private rented accommodation. Johnson Fry was the largest BES sponsor, and its SCAT scheme carried the added attraction of insurance, provided by Eagle Star, against a fall in the value of the property.

The investors went into the scheme in spring 1989 - just before the property market collapsed. Johnson Fry estimates that the value of the fund's property has fallen by about 25 per cent. But investors were covered only for a drop in the property's cost and not for their full investment, of which 10 per cent went into expenses.

Many investors now are keen to take the insurance and get out, but they cannot do so until the properties are all sold. The prospectus says disposals can take place between years four and six (1993-1995) but the insurance policy document, which the investors, would not have seen, gives March 1996 as the deadline.

Investors had to borrow their £10,000 investment to receive tax relief of up to 40 per cent. Interest on the loans, provided by the Bank of Scotland has been at 2 percentage points above base rates - 13 per cent at the time - but subject to an 8.5 per cent minimum.

Those in a hurry to get out will soon be offered an escape route to cut their losses with a limited offer from Eagle Star of about 84p for their shares, leaving them to make up the shortfall on the loan. Others can choose to hang on if Johnson Fry agrees some sort of claim settlement with Eagle Star on a basis which will allow any future rise in property prices to benefit investors.

S.D.

Where does the smart money go when stocks are high and interest rates are low?

THE COLVIN WOODS DERIVATIVES FUND

DESIGNED TO ADD DIVERSIFICATION TO A TRADITIONAL PORTFOLIO

- ▲ TARGET NET RETURN 20-25%
- ▲ 50% STOP LOSS LIMIT
- ▲ OFFSHORE STATUS
- ▲ LEADING INDEPENDENT TRADING ADVISORS
- ▲ MINIMUM SUBSCRIPTION \$25,000



MANAGED BY

RUDOLF WOLFF EST. 1866

The protection afforded to investors under the UK regulatory system does not apply to investments made in the above fund. In addition, compensation under the Investors Compensation Scheme is not available to investors in the Colvin Woods Derivatives Fund.

PLEASE SEND ME DETAILS ON THE COLVIN WOODS DERIVATIVES FUND

FTI

NAME:

TELEPHONE - HOME:

WORK:

ADDRESS:

ISSUED BY:

RUDOLF WOLFF & CO. LTD PLANTATION HOUSE

31-35 FENCHURCH STREET LONDON EC3M 3DX

TELEPHONE 071-626 8765 DIRECT LINE 071-962 1697 FACSIMILE 071-962 1739



Nine excellent reasons to put your existing PEPs under one roof.



If you've invested in PEPs which have performed poorly, it's time to consider transferring them to another plan.

The Skandia MultiPEP is the obvious choice. It brings together a wide range of unit trusts, from nine outstanding fund managers, all within one single PEP - so you can spread your money between funds and fund managers today, and switch between them, at low cost, whenever appropriate in the future.

If you've invested in a variety of PEPs over the years - with lump sums or through regular savings schemes - transferring them into the Skandia MultiPEP offers even greater benefits. It can transform what is currently a fragmented collection of separately-managed plans into a single,

balanced portfolio - giving you a great deal more flexibility and a great deal less paperwork.

Transferring existing PEP holdings into the Skandia MultiPEP is easy and quick, and there is no loss of tax benefits. For further information, call the Skandia MultiPEP Hotline on the number below during office hours or this weekend between 10am - 4pm. Alternatively, contact your Independent Financial Adviser.

SKANDIA MULTIPEP HOTLINE 0800 243509

Skandia Life PEP Managers Limited

Issued by Skandia Life PEP Managers Limited, a member of FIMBRA. The Skandia MultiPEP is intended as a long term investment. If you withdraw from this investment in the early years, you may not get back the full amount invested. This investment may go down as well as up so you may not get back the full amount invested. The inclusion of any particular investment fund does not imply that it is suitable for any particular investor. Skandia Life PEP Managers Limited does not provide advice on the selection of investments and investors must seek their own advice in this connection.

FINANCE AND THE FAMILY

Australia's star rises again

Never mind Australia's endless beaches and cuddly koalas. With a 5 per cent growth rate, low inflation, and a stable political climate, interest is turning towards Australia as a good investment prospect. So isn't the country equally appealing in stock market terms? And shouldn't private investors, looking to diversify funds overseas, take note?

The answer probably is yes - but only with some big provisos. The first of these relates directly to the economic situation. While the numbers look good at present, there is much debate within Australia about the quality and sustainability of the recovery.

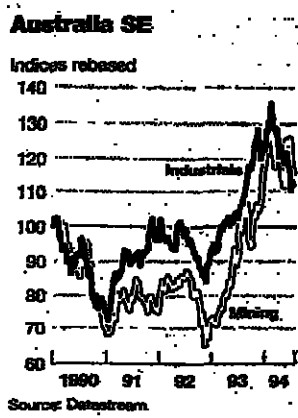
This argument centres mainly on whether the nation is headed for a repeat of the boom and bust cycles seen in the past, or whether a decade of economic restructuring - including the continuing reduction in tariff barriers, some deregulation of the labour market, and a major effort to introduce competition into key sectors - has wrought fundamental changes. They note that the economy's strength

They used to call it the "lucky country" before recession struck and unemployment soared. Now, though, recovery seems well under way. Inflation is low, the growth rate is relatively high, the political climate is stable - and prospects for overseas investors appear to be good. Nikki Tait reports from Sydney

Ralph Willis, the Australian treasurer - think it has. Government forecasts say the economy should grow at more than 4 per cent for the next four years; the budget deficit should reduce steadily from A\$13.6bn this year to virtually nothing by the late 1990s; and the underlying inflation rate should be pegged at around 2 per cent, at least in the immediate future.

According to this scenario, a greater export focus by Australian companies should allow the nation to piggy-back on the growing economies of south-east Asia, while the successful outcome to last December's Gait talks could boost the farm sector significantly. By the time the provisions of the Uruguay Round are implemented fully, the annual export benefit could be A\$1bn-plus.

The pessimists paint a very different picture. They note that the economy's strength



Source: Datapoint

stems from a strong recovery in consumer demand. Business investment, by contrast, remains weak, and actually dipped last quarter while the household savings ratio is painfully low, too. All this, they say, is potentially destabilising.

They feel that if capacity

constraints are reached and investment surges all at once, balance of payments problems could emerge. These would be doubly serious because of the domestic savings shortage. The government could then be forced into interest rate increases, tax rises - or both.

Don Mercer, head of the ANZ - one of the country's leading commercial banks - says: "My fear is that we are going to blow it again. Achieving a durable economic upturn hinges on a substantial lift in investment, exports, and in national saving."

In the short term, perhaps, this debate need not worry a prospective investor too much. Most analysts forecast strong profits growth in the financial year that ended in June, and again in 1994/95 as restructuring moves taken during the recession augment the upturn in demand.

John Baynos, strategist for

stockbroker McIntosh Baring, thinks listed companies could achieve an average 13.3 per cent return over the next 12 months; with inflation at such low ebb, this suggests a double-digit real return.

Merv Peacock, head of marketable securities at the AMP insurance giant, says he is looking at a 15 per cent annual growth in earnings per share for the next two years. Nevertheless, the possibility of a "blow-out" scenario down the track does suggest that any investment funds committed to the Australian market should not be left unattended.

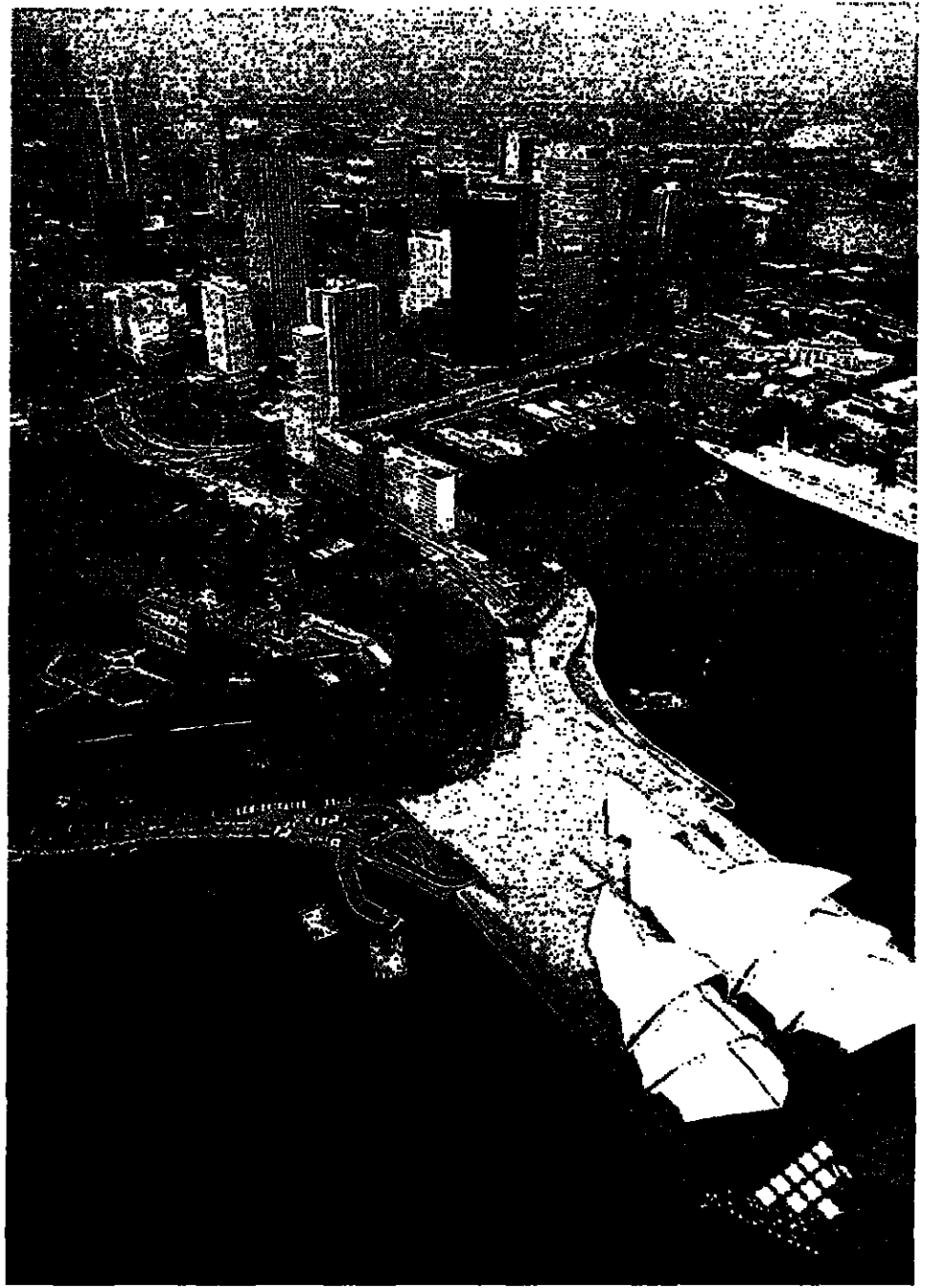
A second, more technical, point is that the Australian stock market has enjoyed a very strong run already. This began late in 1992 and continued until early this year when the US Federal Reserve increased interest rates.

It is true that the Australian All-Ordinaries index has fallen by about 14 per cent since then. But the long period of unbroken progress means that the historic price/earnings ratio on the index has climbed to around 17-18 times. This looks wildly out of line with the 1970s and 1980s when the market p/e rarely exceeded 10-11 times, and was sometimes as little as 6-7.

Yet, as statisticians at the Australian Stock Exchange point out, comparisons with the 1950s (a low-inflation era) are much more favourable. Then, the market p/e stood at around 15-16 times earnings. In short, if you want to believe the Australian market offers value, you probably need also to believe that an era of modest price increases is here to stay.

For those investors under-terred by such caveats, some fund managers do think the market's post-February weakness presents a good buying opportunity. Offshore investors, moreover, may have the added opportunity of a currency play. Australia remains weighted heavily towards the resources sector and tends to see a close relationship between commodity prices and its currency, with a rise in the former usually boosting the dollar.

Although commodity prices have moved off their recent lows - and have surged in



Downtown Sydney, where many Australian companies have their headquarters

Glyn Owen

For good returns, dive Down Under

Australia is forecast by broker Barclays de Zoete Wedd to produce one of the highest equity returns of any geographical area over the next 12 months. BZW expects returns of more than 23 per cent in local currency terms over the period.

It does, moreover, see the Australian dollar recovering from being one of the cheapest currencies around relative to the pound - thus, the return equates to about 35 per cent in sterling terms. This return projection is bettered only by Canada.

BZW believes the industrial sector is particularly attractive and estimates that it is 15 per cent below valuation. For those wanting exposure to Australia, the choice among UK single country funds is limited. There are only three unit trusts: Barclays Unicorn Australia, M&G Australasian, and General, and NM Australia. Last December, NM also

launched a Smaller Australian Companies investment trust; this is trading at a premium to its net asset value, reflecting a high degree of demand.

NM was the UK arm of the National Mutual Life Association of Australasia until it was bought by Friends Provident at the end of last year. NM Australia is the largest of the three trusts, with about \$36m under management, and is top of the Australasian sector over five, seven and 10 years to July 1. But it has slipped more recently to second position over three years, according to BZW (offer to bid, net income re-invested). Growth over 10 years is 455 per cent and 85 per cent over five years.

It is the only one of the

three trusts to be included in the Unit Trust Analysis Guide produced by Fund Research. This measures the performance of funds in terms of consistency and fund management experience, as well as quantitatively. Unit Trust Analysis selects consistently high-performing funds for the guide.

The NM unit trust contains 40 to 50 stocks, with the top 20 holdings accounting for about 75 to 80 per cent of the investment. The fund manager, Victor de Lorenzo, also manages the NM Gold fund and the NM Smaller Australian Companies trust, as well as NM's Australian retail trusts.

Another way of gaining exposure to the Australian market is to invest in a commodities fund, which will

have exposure not only to Australia but also to other mineral-rich countries, such as South Africa. But the spread across continents does not mean these are any less volatile than a single country fund - which means that it is not a good idea to have much more than 5 per cent of your overall growth portfolio in these funds.

Mercury's Gold & General unit trust has a consistently high performance record in the commodity and energy sector over five years to July 1 (source: BZW); about 30 per cent of the portfolio is invested in Australia. Waverley Australasian Gold is a fund that is targeted more regionally; but while it would have turned £100 invested two years ago into £315 today, the same amount invested seven years ago would be worth only £57 now.

Scheherazade Daneshkhu

Where pensioners can find the most for their money

Barbara Ellis examines the investment options for those over 65

More than 160,000 people have put £1.39bn into National Savings guaranteed income bonds for pensioners since the scheme's launch in January. Holders over 65 get a 7 per cent annual return, paid gross (but taxable) each month over five years, on deposits between £500 and £20,000. But those who cash in before the end of the five years must give 60 days' notice and they will lose 60 days' interest as a consequence.

Is this the best that pensioners can do? ■ Building societies The table shows how the bond compares with some of the top-rated, five-year building society bonds. Escalator bonds, with interest rates rising each year, usually impose a £2,000 minimum if interest is to be paid

monthly but have a higher upper limit than the pensioners' bonds - £500,000 or, occasionally, £1m. Penalties for early redemption can be steep, however. The Halifax's escalator bond has interest rates stepped from 6.95 to 10.95 per cent, averaging 8.49 per cent over the five years.

Withdrawals are allowed only after two years, when the penalty is six days' loss of interest for each full month left. But there is a maximum penalty of £326 on a £10,000 investment.

After tax, the NS bond's 7 per cent is worth 5.25 per cent to a 35 per cent taxpayer or 4.3 per cent to those on higher-rate tax. This compares with the top-paying escalator bond - at present, from the Woolwich building society - at 6.42 and 5.14 per cent net.

■ Guaranteed income bonds These bonds are issued by

Battle of the Bonds		
Bond	Total Inc (monthly)	Max penalty
NS Pensioners	£3,500	£115
ES Escalators		
Alliance & Leics	£3,125	£407
Halifax	£4,245	£326
Nationwide	£3,975	£775
Woolwich	£4,285	£272

Source: NS building socs. *Assumes £4 £10,000 subscription at highest penalty point.

insurance companies and pay out income at an agreed rate - either annually or monthly, over terms ranging from one to five years - on a minimum investment of (usually) £5,000. Chase de Vere's Moneyline this week quoted five-year GIBs paying monthly income at rates ranging from 6.54 per cent on £5,000 to 7.14 per cent on £50,000.

The rates are better than the National Savings pensioners'

bond, but investors who cash in guaranteed income bonds before the full term can expect to lose up to around 4 per cent of the initial investment as a penalty.

Rates are quoted net of 25 per cent tax, which cannot be reclaimed by non-taxpayers. Higher-rate taxpayers face an additional 15 per cent to bring their rate up to 40 per cent, but this is based only on the net amount and not on a grossed-up figure, as with building society interest paid net.

Some tax on the bonds is, effectively, deferred: investors can withdraw the equivalent of 5 per cent of the initial investment each year "tax free" but this is adjusted at the end of the term. Mark Bolland, of fee-based financial adviser Chamberlain de Broe, says that this makes the bonds thoroughly tax-efficient for those expecting to drop into a lower tax bracket by then.

■ GIBs GIBs, or government fixed-interest securities, deliver a specific return if held to maturity and pay income twice a year. But if you want to pull out before they reach maturity, you could well make a capital loss.

Some index-linked GIBs will pay a better return than the National Savings pensioners' bond. Martin Riley, of stockbroker Henderson Crosthwaite, picks out two: □ 2 1/2 per cent 2001s at a market price of £164, against the indexed value of £180.9, implying a real redemption yield over inflation at 3.3 per cent to a 25 per cent taxpayer and 2.8 per cent to a 40 per cent taxpayer. □ 2 per cent 2006s at £167 against an indexed value of £203.8, implying real redemption yields of 3.3 per cent and 3.0 per cent to 25 and 40 per cent taxpayers respectively - that is, 5.9 and 5.6 net at June's inflation rate of 2.6 per cent.

A conventional (non index-linked) gilt, Treasury 6 1/2 1995-1998 priced at £94, is yielding 6.24 per cent or 5.21 per cent, depending on the tax rate, but there is no inflation-proofing. ■ See Highest Rates table, Page VI

WILL ROLLING SETTLEMENT SERIOUSLY AFFECT YOUR INVESTMENTS?

More than likely.

With the introduction of Rolling Settlement all investors need to adjust for the change from the old account system.

Each transaction now has to be settled using cleared funds, and all documentation must be in place 10 working days after dealing. Next year this is expected to become only 5 days. If documents and cleared funds are not available, your dealings could be restricted or even prevented. Which won't help your investments.

The solution is to use our nominee service.

This gives you a nominee account for registration of stock, which solves the documentation problem. It also gives you a linked deposit account with a major bank or building society to ensure that cleared funds are on hand ready for settlement.

If you haven't already made provision for the change, you would be well-advised to switch to a nominee service. It helps us to get on with settlement and allows you to concentrate on your investments. Which helps everyone.

For more details, please call our nearest office or write to us at One King Street, Manchester M2 6AW.

HENRY COOKE, LUMSDEN plc

MANCHESTER	LONDON	LEEDS	WALES
061 834 2332	071 962 1010	0532 439011	0492 874391
Peter Penfold	Rupert Cottrell	Richard Sutherland	Philip Brown

ISSUED BY HENRY COOKE, LUMSDEN PLC A MEMBER OF THE LONDON STOCK EXCHANGE, THE SECURITIES AND FUTURES AUTHORITY AND THE ASSOCIATION OF PRIVATE CLIENT INVESTMENT MANAGERS AND STOCKBROKERS.

The value of securities and the income from them can go down as well as up. You may not recover the original amount invested. Some securities carry a greater degree of risk than others. This service may not be suitable for all investors. A member of the Henry Cooke Group plc.

JERRY'S HOME STORE

Jerry's Home Store PLC
Issue of

1,500,000 New Ordinary Shares of £1 each under the Enterprise Investment Scheme (following an issue under the BES in April 1993) Fully Subscribed

Stockbrokers and Sponsors:
Townsend & Co.

Solicitors to the Company and the Offer:

NABARRO NATHANSON

Auditors, Reporting Accountants and Tax Advisers:

Touche Ross

FINANCE AND THE FAMILY

Traps for incautious taxpayers

The Revenue can make mistakes and you should always check its figures, says Andrew Radice

Tax returns are flowing into the Inland Revenue, most for the 1993/94 tax year. But since the Revenue admits it makes mistakes, you should always check the contents of the brown envelope.

You can easily get four separate assessments for one year's income: self-employed earnings, employed earnings, untaxed income and tax income - not to mention capital gains. While each assessment follows the same logical outline, there are some points to watch for.

Income Normally, this presents no problems for Schedule E (pay as you earn) taxpayers as employers provide them with details of salary and benefits. But all other sources should be checked carefully.

Allowances Often, these are wrong. Ask yourself the following questions:

1. Does your assessment include your personal allowance (£3,445)?
2. If you are married, either you or your spouse should benefit from

the married couple's allowance (MCA). Does one of you have it? For 1993/94, it is £1,720 for those under 65, £2,465 where the elder spouse is under 75, and £2,505 where the elder spouse is 75 or over.

3. If you are over 65, you have a higher personal allowance (even higher if you are 75 or more) provided that your total income is £14,200 or less. Is this shown on your assessment?

4. Did you pay personal pension contributions or additional voluntary contributions (AVCs) in the tax year? If you are self-employed, you should get relief in the allowances section of your assessment. If you are an employee, you will have had basic-rate tax relief when you paid contributions, so you will be due

further relief only if you are a 40 per cent taxpayer.

If you are self-employed, half of your class 4 national insurance contribution (NIC) - which is calculated separately at the bottom of the page - is given as an allowance. But there can be errors. There is no Class 4 NIC on profits below £6,340

for 1993/94, so an assessment showing a lower limit of nil is wrong.

Even if the line "Amount chargeable to tax" is correct, you need to check that the tax rates are right. For 1993/94, the first £3,500 is charged at 20 per cent, the next £21,200 at 25 per cent, and 40 per cent thereafter.

The fun starts if you have dividends. There is no more to pay if you do not fall into the 40 per cent band, but there are complications if your dividend income straddles the 25 and 40 per cent bands. Your capital gains are treated as the top slice of your income.

The bottom box on the assess-

ment, "Allocation of allowance and rates of tax" can be confusing. You, the taxpayer, have the right to choose the way in which you set your personal allowances against your income.

It will usually be to your advantage to set them off against the income which is taxed earliest. If you are an employee, the Revenue normally will do this for you through the Paye system. But in order not to raise assessments for trifling sums, the Revenue usually will restrict your allowances instead.

If, say, you are a married man with a salary of £40,000 in 1993/94, taxed interest of £1,500 (net), untaxed income of £150, and a deed of covenant in favour of your parish

church for £100 a year, your allowances total £5,165.

The Revenue probably will not assess the £150 but, instead, will restrict the allowance on your Schedule E assessment to £5,015. This will show up both in the "Allowances etc" section and the "Allocation" section.

Gift aid

You can make donations to charities by deed of covenant or under the Gift Aid scheme; these are allowable against your higher-rate tax bill. But relief for a charitable deed of covenant is slightly complicated. You make your gift net of basic rate of tax of 25 per cent. For tax purposes you have paid £33, from which you have deducted £33 tax. If you pay higher-rate tax, you get relief for your donation by having your 25 per cent band increased by £33. So, your basic-rate band of £21,200 will be increased to £21,333.

The effect of this is that you will pay tax at 25 per cent on £150 of your income which otherwise would have been taxed at 40 per cent.

If you don't understand, then ask

Tax assessments are sent out with accompanying notes from the Inland Revenue.

Some, particularly on the Schedule E (Paye) assessments, are extremely helpful. Others may confuse the lay reader.

Many people employ accountants, but it makes sense to study your own tax assessment. And remember:

■ If you do not understand anything in your assessment, ask your inspector of taxes to explain

it. They are usually helpful.

■ If you still do not understand, take professional advice.

■ You only have 30 days to appeal against an assessment, so do not waste time.

The Professionals

A business built on benchmarks

Seeing how the experts look after their clients' money gives an insight into managing your own better. That's the theory behind Joanna Slaughter's series on private client investment managers.

Today: Kleinwort Benson

Alastair Begg, chief investment officer of Kleinwort Benson Investment Management, is not one for false modesty. "We have one of the most disciplined approaches to asset allocation for private clients that there is," he claims.

That approach has been refined and rationalised recently. In January, KBIM produced three benchmark portfolios for private clients, adjusting the weightings to reflect the needs of those seeking income, capital growth, or a balance of the two.

The benchmarks were built around certain assumptions, says KBIM director Andrew Gregory. These are:

- That the minimum requirement for most private clients is maintaining their assets in real terms.
- That equities will perform better than bonds in the long term.
- That the risk of a portfolio

should be spread both geographically and industrially.

Begg adds: "The benchmarks are the rocks to which we hold fast. We make our decisions around them."

Take the benchmark portfolio for a "balanced" private client. It has 15 per cent in index-linked gilts, 10 per cent in conventional gilts, 45 per cent in UK equities and 30 per cent in overseas equities, with the international exposure weighted equally between Europe, Japan, the Far East and America.

Yet, KBIM's present market weightings for a balanced portfolio have far less money invested in bonds (just over 7 per cent), a 60 per cent exposure to UK equities, and a smaller exposure to Japan.

The KBIM policy committee has regular global strategy meetings. The last policy decision it took was to sell some of its Japanese investments and place them into the Far East.

Investment managers: factfile 4

Kleinwort Benson
(Kleinwort Benson Investment Management)
Established: 1792

Regulator: MFIB, Bank of England

Number of offices in UK: Two

Number of offices worldwide: 19 (group); 9 (investment management)

Funds under management: £14bn (£2.6bn private clients)

Number of UK private clients: 3,300

Number of expatriate/foreign national private clients: 700

Minimum investment for private clients: £200,000

Current asset allocation for private clients: Balanced portfolio, UK equities, 60.54%; overseas equities,

32.2%; cash and gilts, 7.2%

Average annual portfolio turnover: 25-30%

Fees: 0.5% on first £1m; 0.5% on next £2m; 0.25% thereafter; minimum £1,500 pa.

Fees are offset by commissions.

Such a policy shift is reflected within 72 hours in the portfolios of discretionary clients and the 10 per cent of clients who are non-discretionary are alerted, too. Begg says this cannot be done in 24 hours because each client portfolio has to be studied to see if a capital gains tax liability will

be triggered. For the same reason, there is a similar time frame when changes are made to KBIM's list of approved shares.

The list, based on recommendations by the firm's 12-member research group, features 50 to 60 global shares and 25 to 30 in the UK. Interpreting it on

behalf of clients is the task of the 25 portfolio managers.

There is also a black-list of shares; this includes companies with opaque accounts. Begg says: "We never hold the shares if we can't work out what is going on in the company because we can't research it."

Although KBIM sometimes invests directly overseas on behalf of the very wealthy - recently, it bought Philippines Long Distance Telephone for private clients - Gregory says portfolio managers "would not make that kind of investment without putting in a basic fund first. If you want to invest in



and translate what they say into a portfolio." He adds: "Death is our greatest source of client loss, by quite a long way."

Where appropriate, KBIM's portfolio managers use derivatives such as futures and options. Gregory believes derivatives will become an increasingly acceptable way of managing portfolios although he concedes that, as yet, "it is not something that a number of clients are very comfortable with".

Although there is no hard rule about the acceptable size of portfolios, the minimum annual management fee of £1,500 largely dictates the level. Clients with less than £200,000 will be steered towards the firm's unit and investment trust services.

Unlike many competitors, KBIM offsets fees against the commission generated during the charging period. No fee is payable on holdings of Kleinwort Benson unit trusts, offshore trusts and investment trusts.

Clients also can benefit from KBIM's unusual status as a bank in its own right. It is regulated by both Imro and the Bank of England, and the services of Kleinwort Benson Private Bank have been designed specifically for clients with investment portfolios. Gregory points out: "Clients can place deposits and borrow from KBIM, so the quality of the service we can offer is genuinely integrated. It gives us a very quick response to any requirement the clients may have."

KBIM is anxious to emphasise that it is not interested only in the super-rich. Gregory says: "There is a common misconception in the outside world that you cannot come through the door here without £10m. That is not so."

FOR CAPITAL
GROWTH POTENTIAL,
SWITCH ON TO
THE POWER OF
GLOBAL UTILITIES.

THE NEW TEMPLETON UTILITIES FUND

As standards of living continue to rise across the globe, it makes sense to invest in the basic facilities that underpin growing economies - key companies providing services such as gas, telecommunications, water and electricity. It's these which the Templeton Utilities fund targets, aiming to provide a combination excellent long-term returns and relatively low risk. The economic environment now looks ideal with low inflation, low interest rates and increasing privatisation in the emerging economies of Eastern Europe, Latin America and the Far East. Which means the demand for utilities is likely to grow steadily and strong, perfect for a capital growth fund. And of course, the fund is managed by Templeton, part of the worldwide Franklin Group, with a wealth of international expertise and over \$112 billion under management.

For more details, talk to your financial adviser. Alternatively, fax or send the coupon below to your nearest Templeton Service Office or call us on

Edinburgh
Tel: 44 506 31255
Fax: 44 31 228 4506

Luxembourg
Tel: 352 466 6671
Fax: 352 466 676

Investors should remember that past performance is not necessarily a guide to the future. An investment in the Templeton Global Strategy Funds may fluctuate and an investor may not get back the amount he has invested. Currency movements may also cause fluctuations in value. The protection of the UK regulatory system does not apply to an investment in the Templeton Global Strategy Funds and compensation under the UK Investor Compensation Scheme will not be available.

TO: Templeton Registration Office, Box 2, 17 Nether Square, Liverpool L69 4SR
Please send me details of the Templeton Utilities Fund.

Name

Address

Postcode



Templeton

This advertisement is issued by Templeton Investment Management, Member of (IMRA) and the Templeton Marketing Group.

Axe for bonds

Some fixed-rate bonds, issued in recent weeks by building societies and offering good returns, have now been withdrawn.

Chelsea building society withdrew its five-year fixed rate of 9 per cent gross this week. Skipton has withdrawn its four-year fixed rate of 8.75 per cent after only 12 days.

The terms of the Newcastle Growth bond has been reduced from five years to three, with rates starting at 7 per cent in the first year and rising to 7.5 in the second and 8.5 in the third.

Although these five-year fixed rates have been withdrawn, the societies still have very good products to match National Savings. Britannia has a one-year bond at 6.5 per cent to beat FIRST Option bonds.

A recent survey by Moneyfacts shows that an investment of £10,000 made in building society fixed-rate products on July 1 would all pay out more monthly interest than the Pensioners Guaranteed Income bond by the end of the term. The leaders are Woolwich BS on the monthly option of its Guaranteed Growth bond, and Halifax with its Stepped Income Reserve.

The Woolwich bond requires a minimum deposit of £1,000. This pays monthly interest of 7.05 per cent in year one, 7.5 in year two, 7.95 in year three, 9.3 in year four and 11.05 in the final year.

Guaranteed income bond rates have also held. These are of interest to taxpayers as they are automatically paid net of basic-rate tax, which cannot be reclaimed.

The top rate on a five-year bond at the moment pays 7.75 per cent net, equivalent to 10.33 per cent to a basic-rate taxpayer.

Christine Bayliss
Moneyfacts

HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's					
Birmingham Midshires BS	First Class 0832 645700	Postal	£500	6.00%	Yr
Bradford & Bingley BS	Direct Premium 0345 242246	Postal	£1,000	5.40%	Yr
Chelsea BS	Classic 0832 717515	Postal	£2,500	6.00%	Yr
Nottingham BS	Post Direct 0832 481444	Postal	£25,000	6.80%	Yr
NOTICE A/c's and BONDS					
City & Metropolitan BS	Super 60 081 464 0814	60 Day	£500	8.00%	Yr
National Counties BS	90 Day 0372 742211	90 Day	£10,000	7.15%	Yr
Skipton BS	Fixed Rate Bond 0755 700511	30-6.97	£5,000	8.25%	Yr
MONTHLY INTEREST					
Britannia BS	Capital Trust 0538 391741	Postal	£2,000	5.87%	Mo
Confederation Bank	0438 744500	30 Day	£2,000	5.85%	Mo
Scarborough BS	0600 580576	90 Day	£25,000	6.75%	Mo
Yorkshire BS	0800 378838	30-6.96	£5,000	8.20%	Mo
TESSAs (Tax Free)					
Confederation Bank	0438 744500	5 Year	£3,000	8.00%	Yr
Hinckley & Rugby BS	0455 251234	5 Year	£3,000	7.25%	Yr
Milton Mowbray BS	0894 63637	5 Year	£1	7.20%	Yr
Nottingham BS	0832 481444	5 Year	£1	7.15%	Yr
HIGH INTEREST CHEQUE A/c's (Gross)					
Caledonian Bank	HICA 031 556 8235	Instant	£1	4.75%	Yr
UDT	Capital Plus 081 447 2438	Instant	£1,000	4.75%	Yr
Chelsea BS	Classic Postal 0832 717515	Instant	£2,500	6.00%	Yr
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guernsey Ltd	International 0461 715735	Instant	£500	5.75%	Yr
Portman Channel Islands	0461 822747	Instant	£20,000	6.20%	Yr
Confederation Bank (Int)	0534 608060	60 Day	£25,000	6.80%	Yr
Investment Cert	0534 608060	5 Year	£10,000	8.25%	Yr
GUARANTEED INCOME BONDS (Net)					
General Portfolio	0278 462839	1 Year	£50,000	4.80%	Yr
General Portfolio	0278 462839	2 Year	£50,000	5.20%	Yr
Prosperity Life	0600 521546	3 Year	£5,000	6.82%	Yr
Consolidated Life	081 940 6343	4 Year	£2,000	7.00%	Yr
Barclay	071 454 1105	5 Year	£10,000	7.75%	Yr
NATIONAL SAVINGS A/c's & BONDS (Gross)					
Investment A/c		1 Month	£20	8.25%	Mo
Income Bonds		3 Month	£2,000	8.50%	Mo
Capital Bonds H		5 Year	£100	7.25%	Mo
First Option Bond		12 Month	£1,000	8.00%	Mo
Pensioners GIB		5 Year	£500	7.00%	Mo
NAT SAVINGS CERTIFICATES (Tax Free)					
41st Issue		5 Year	£100	6.40%	Mo
7th Index Linked		5 Year	£100	3.00%	Mo
Childrens Bond F		5 Year	£25	7.35%	Mo

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. G = Net Rate. P = Post only. A = Feeder account also required. B = 7 day loss of interest on all withdrawals. G = 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H = 6.75 per cent on £25,000 and above; 8.40 per cent on £20,000 and above. Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR29 0SD. Readers can obtain an introductory copy by phoning 0822 800777.

Who said your business can't have free banking and earn 4.00% gross p.a.?

Call 071-203 1550 during office hours or 24 hour line 071-626 0879

You can have 60 free transactions per month, and earn a high interest rate on a minimum deposit of £2001.

ALLIED TRUST BANK

London Bridge 25, Dockgate 148, London EC3R 9AT

Do not assume that spreadsheets are only for serious number-crunchers: they are the simplest type of personal data available. Once you understand how a spreadsheet package works, you will find it useful for all sorts of tasks.

□ □ □

For retailers, the best 3-D spreadsheet package is Borland's Quattro Pro 5.0 for Dos (£38, also from Guardian). Its manual (page 48) contains an excellent tutorial showing how to set up a daily expenses analysis.

Q&A

BRIEFCASE

Our replies are tailor-made for each reader's particular circumstances, so far as we can

Apart from that, the only borrowings are on overdraft. This arrangement is vital because of the seasonal nature of the hat trade, and also because cashflow is very unpredictable, particularly with suppliers in Ecuador and

For nearly 75 years we had sold to the trade, but for a variety of reasons we decided to cut out all wholesalers and go direct to the retailers," said Michael Olney. "Paul's initial task, together with my brother Nicholas and three agents, was to make this strategy work. A



A family keen to get ahead

For nearly 75 years we had sold to the trade, but for a variety of reasons we decided to cut out all wholesalers and go direct to the retailers," said Michael Olney. "Paul's initial task, together with my brother Nicholas and three agents, was to make this strategy work. A

**International
Phone Calls
For Less!**

SHARE CHARTS

If you need data, fast, accurately, flexibly and reliably, look no further. Market Access, from Synergy Software, breaks new ground in data delivery and removes the anxiety of data maintenance. Extensive prices from major markets - at your fingertips.
Synergy Software 0582 424282 or
Fax 0582 452741

METASTOCK
The World's Best Selling
Technical Analysis Software

Additional spreadsheet functions for Financial Markets Professionals using Lotus 1-2-3 and Excel (Windows, OS/2, Mac). European and American style options and warrants on bonds, commodities, currencies, futures and shares.
Prices range from £295 to £395.
Financial Systems Software (FSS) Ltd
2 London Wall Buildings
London Wall, London EC2M 5PP
Tel: +44 71-626 4200 Fax: +44 71-596 2718

Tenants and tax: a new view

Our replies are tailor-made for each reader's particular circumstances, so far as we can

money market funds and zero coupon or deep discount

of the major players in this market. (Murray Johnstone).

One Southwark Bridge, London SE1 9HL.

London SE1 9FL

Call Toronto on 071 405 4541

HOW TO SPEND IT



In the hottest week London has seen for many a year, British men are still going about their business the way they have since time immemorial - swathed in dark woollen suits.

As the hot weather goes on it is worth knowing that there are some splendid bargains to be found in the sales. For instance, a few pieces from Marks and Spencer's splendid pale beige and stone summer collection will be on sale in some of the larger stores.

Look for the fashionable ingredients of the male wardrobe - the collarless baggy linen shirts (£25 upwards), the loose waistcoat (£30), the unstructured casual jacket (£75), the light linen/wool suits (£160) and the linen/cotton beige jeans (£25).

Christopher Brown's drawings (left) show how the basic elements can be combined to produce a summer wardrobe that can go from the boardroom (far left and right) to the most casual weekend picnics.

Spectacles to put fashion freaks in the shade

Lucia van der Post tries out sunglasses which protect and look good



Luxottica is one of the good lens names to look out for - here Emporio Armani frames, Luxottica optics, £28 from Emporio Armani stores, Selfridges, Harrods and other good stores

Chic Simple's hand-book* on spectacles is in no doubt about what is the most important thing about them - "remembering where you left them last". True, true. Even now I am lamenting my cool blue Calvin Klein shades - they sum up everything that this year's sunglasses should be - and I have not the faintest idea where I last left them.

The second most important thing is not, you may be dismayed to learn, the shape of the frames, but how much protection they offer to the eyes. In these ozone-depleted days most of us are only too aware of what excessive sunlight can do to the skin but few of us are aware of just how much damage we risk to the eyes.

Eye cancer, age-related cataract, age-related macular degeneration, ageing and cancer of the circumocular skin, pterygium, photokeratitis - this is the gloomy roll-call of eye problems that those who flirt dangerously with strong sunlight might expect.

If this sounds a bit alarmist let me refer you to the work of optical company Fabris Lane International.

"Damage to the eyes," its eminent researchers, among them Professor Richard Young of the University of California, conclude, "is cumulative and therefore it is better to wear protective sunglasses from an early age and to continue through life to wear them whenever subject to bright sunlight for extended periods."

While UVA, B and C rays are harmful, the real baddie in the solar spectrum is ultraviolet light and it is all the more dangerous for being invisible.

Cheap sunglasses bought off market stalls and in some chain stores are little more than fashion accessories - but highly dangerous ones - for some of the lenses are simply tinted and offer no protection.

Fortunately, it is usually very easy to check which glasses offer proper protection and which do not - there is now a British Standard (2724), which means that, at the very least, the eye will have basic protection.

Within that standard there are three different levels of protection - if for use just as a fashion accessory (sashaying into Joseph, lunching in Le Caprice, at Academy Awards, that sort of thing) then the lenses should transmit between 25 per cent and 100 per cent of light (meaning that the lens will get paler as the light gets darker).

Then there are sunglasses which transmit between 8 per cent and 20 per cent of daylight and these are suitable for driving but are intended for skiers, mountaineers and sailors.

Most protection of all is offered by those which transmit only between 3 per cent and 8 per cent of light and these are not suitable for driving but are intended for skiers, mountaineers and sailors.

Ray-Bans seem to survive the ups and downs of fashion's fickle favours. If you own and wear a much loved pair you will clearly not be at the cutting-edge of fashion but you will be able to rest assured that you are wearing a classic. They have the enduring cachet of pearls and Chanel.

Last year's oblong frames, most fashionably done by Cutler & Gross, are this summer, says my style-adviser, very, very square. (Sod's law being what it is, these will, of course, be the ones you have failed to lose.)

This year's look centres on thin metal frames, gently oval in shape which, coincidentally and happily, seem to flatter most faces. Clip-ons (even for those with 20/20 vision - they wear clip-ons over frames with

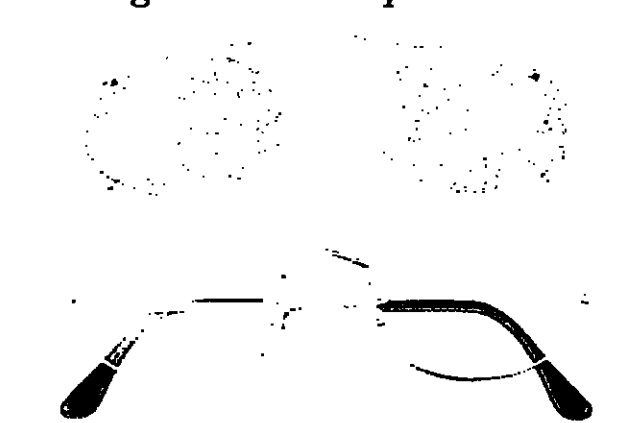
plain glass) are what the really cool set is wearing.

This is one of those splendid turns of the wheel of fashion - when clip-ons first came in they were strictly for the geriatric set, a reminder of the passing of time and the withering of age.

Now what once was naïf has become big business with even some of those who normally wear contact lenses abandoning them for the summer in favour of prescription lenses and clip-ons.

Calvin Klein does clip-ons with different coloured lenses - normally £140 for the frame (currently £105 in Selfridge's summer sale) and £40 for the clip-ons. Emporio Armani, too, is rushing in vast quantities of its little metal frames and clip-on attachments.

Anglo-American is one of the great names in what the trade calls "eye-wear". Initially famous for its horn-rimmed glasses, made from zylonite and cellulose nitrate in imitation tortoise-shell, and given clout among the glamour set



Giorgio Armani has some splendidly studious looking thin metal-framed ovals with clip-ons, £130 the pair. From good opticians and Harrods and Selfridges

when Harold Lloyd and Buster Keaton took to wearing them, they have long been established as one of the first places of call for those who would be both safe and fashionable.

Anglo-American has added proper optically-sophisticated sunglasses, including Grade 1 optical quality plastic lenses

and impact resistant organic glass, to a wide range of frames.

It has some 10 different frames with clip-ons which exactly match the frame in metal and four in acetate. Frames start at £60 and its clip-ons are £45 to £49.

If your summer is going to

include lots of energetic sporting activities then you should look out for Fabris Lane's Etalia Sports range which uses polycarbonate safety lenses of great strength.

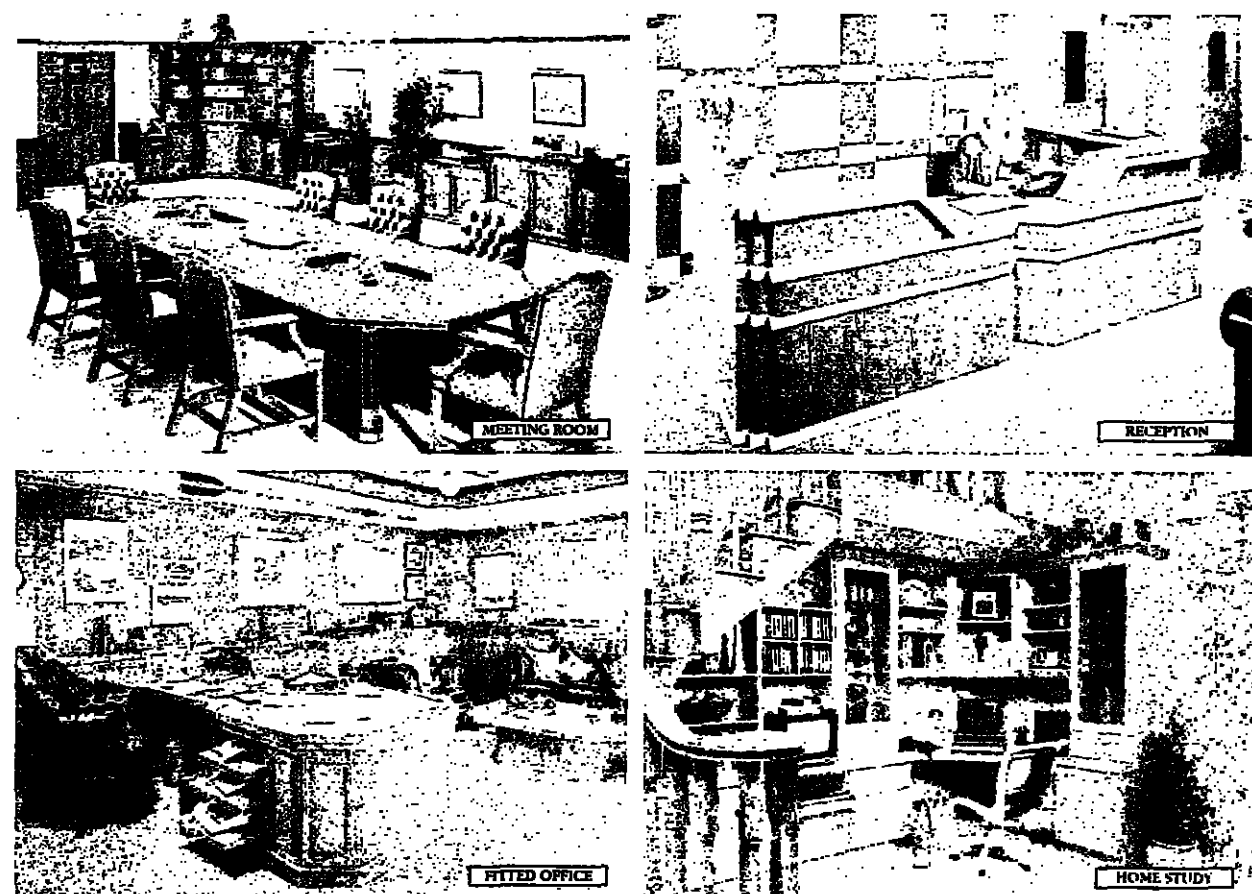
Fabris Lane also offers other specialist lenses - Advanced Graphite Driving lenses (blocks ultra-violet light completely) yet retaining good visibility and polarised lenses which eliminate up to 90 per cent of the glare reflected from flat surfaces such as the sea, snow and wet roads.

Those who are unaccustomed to the kind of prices designer frames tend to attract might like to look at the Mazzucchelli range. It does for sunglasses what Warehouse and Miss Selfridge do for fashion - delivers the latest designer look at a fraction of the designer price.

For just £22.50 there is pair of the slightly oval, thin metal-framed frames with good protective lenses which have all this summer's fashionable hallmarks.

*Thames and Hudson, £6.95.

The ultimate working environment from Neville Johnson...



... now with a bigger choice than ever, for meeting rooms, receptions, fitted offices or even a home study

Tel: 061-873 8333 now for free portfolio

It could be a meeting room or a board room. It could be a fitted reception. It could be the Chairman's office or workstations for a busy general area. Or even a home study. No matter how big, small or awkward the available space Neville Johnson will fit it beautifully for whatever budget or schedule you set. Available in any style, colour or finish you require, every single item of Neville Johnson Fitted Furniture is totally bespoke, hand crafted, designed and fitted to complement your individual requirements exactly.

Send today for your free colour portfolio - it's full of exciting ideas for the office and home.

POST COUPON TODAY FOR YOUR FREE OFFICE OR HOME STUDY PORTFOLIO IN FULL COLOUR

Or Telephone 061-873 8333 Anytime Monday to Friday and also Saturday and Sunday 10am - 5pm

Name FT16794
Telephone
Company
Address
Postcode

Please tick your preference
Fitted Office Portfolio ☐
Home Study Portfolio ☐

NEVILLE JOHNSON
THE NAME ON BRITAIN'S
FINEST FITTED FURNITURE

Neville Johnson Fitted Office Furniture, Broadbush Business Park, Ashburton Road West, Trafford Park, Manchester M17 1RW Tel: 061 873 8333 Fax: 061 873 8335

The look of summer 1994 - light metal frames, blue-tinted lenses, by Oliver, £105 from David Chislow Optics, Fenwick of Bond Street, and Harrods

FOOD AND DRINK: SPAIN

The threat on France's doorstep

Jancis Robinson looks at the Spanish wine bargains available

Which country do French wine producers see as their greatest threat?

The average British wine drinker might think Australia. Her (yes, she is female) American counterpart might think north, or even south, America. But the answer is Spain.

Spain is right on France's doorstep and not only has 20 times more vineyard than Australia, and five times more than the US, but half as much again as France. Only its water shortage keeps Spain in third place as a wine producer behind France and Italy. But imagine if New World thinking were ever to prevail within Europe and allow widespread irrigation...

There is certainly no shortage of Spanish wine bargains available in Britain, although there tends to be a curious polarisation of supply:

either dirt cheap liquids carefully designed to meet British taste and price points (sic), or intensely ambitious wines which set their cap at Madrid's connoisseur class.

Ribera del Duero has provided the Madrileños with Spain's most fashionable, concentrated, well-structured reds. Vega Sicilia (Laymont & Shaw, of Truro, Cornwall) and Pesquera (John Armit of London W11) have been the standard bearers, but producers such as Sanz's Dehesa de los Canónigos are putting on the pressure.

British wine drinkers are now being treated to a much wider variety of names from this promising wine region at less exalted prices (and, it has to be said, slightly less exalted quality).

Senorio de Nava's good value wines are relatively widely available - the harmonious and powerful

1987 is \$5.69 at Asda and \$5.99 at Fullers wine shops, while it is possible to find the still slightly tough 1989 reduced from \$5.69 to \$4.99 until today at some branches of the Co-op.

The Wine Society, of Stevenage, Hertfordshire, has the rich and powerful Callejo 1989 at \$6.95. Its Spanish selection is looking particularly interesting at the moment. Marques de Alella Clásico 1993 at \$4.95 is a lively, super-tingly, lemony, dry white also made just outside Barcelona, which would make a refreshing and genuinely interesting aperitif and could withstand fierce chilling for a picnic.

The society's classically rustic Masia Barril Tipico 1991 Priorato at \$5.75, on the other hand, is just the job for those with fond memories of blockbusting, old-fashioned, sun-drenched red Châteauneuf-du-Pape.

The typical Priorato red should theoretically have 13.75 per cent alcohol. This one has 15.

In many ways the rugged, slatey slopes of Priorato constitute Spain's most fascinating red wine appellation at the moment. A series of small-scale investors in Clos This and Clos That have made ambitious, long-term red wines which combine Catalan heritage with recognition of what the international wine collector seeks. Moreno Wines of London W2 and W9 have Clos Mogador in their exceptionally interesting Spanish range (see also their Guibenzu reds from Navarra from \$4.99), but it is \$17.49.

Clos Mogador probably ought not to be hoarded until the next century, but Clos Dofi 1990, not to my knowledge available in the UK, manages to combine the promise with current pleasure, albeit in no

more than 2,500 bottles, filled from some absolutely top quality barrels.

Clos Dofi is made by a refugee from Rioja, but Rioja has woken up from its dream of first-growth prices and can now offer the odd genuinely interesting bargain, such as Oddbins' Puelles Rioja. At \$3.75 this scented, full, fruity red wine is one of those new rijoas that has nothing whatever to do with the archetype, being juicy rather than oaky.

Oddbins also has the more serious Palacio de la Vega Cabernet Sauvignon 1991 Navarra at \$6.99. It is full, deep, with lots of oak, but very well put together. Strike before prices rise.

Today is the last day of the Co-op's offer of the appley dry and perfectly acceptable light white Galician Valle de Monterrey at £1.99, although even at the usual £2.49 it is a good buy.



Harvest home: Fonzeleche west of Logroño

Robert Harding

The great north-west seafood pilgrimage

An endless variety of fish makes Galicia Spain's seafood locker. Nicholas Woodsworth eats his way around

A good meal is more than just good food. Its enjoyment derives from many other things - the surroundings, the occasion, the company, our own mood on sitting down before a table. There are technically accomplished dinners I have had that I scarcely remember. On the other hand there are many less-than-accomplished meals - some drunken, some last-minute, some downright bad - that I recall with intense pleasure. In the end, cooking is a relative thing the success of which depends as much on the diner as on the diner on.

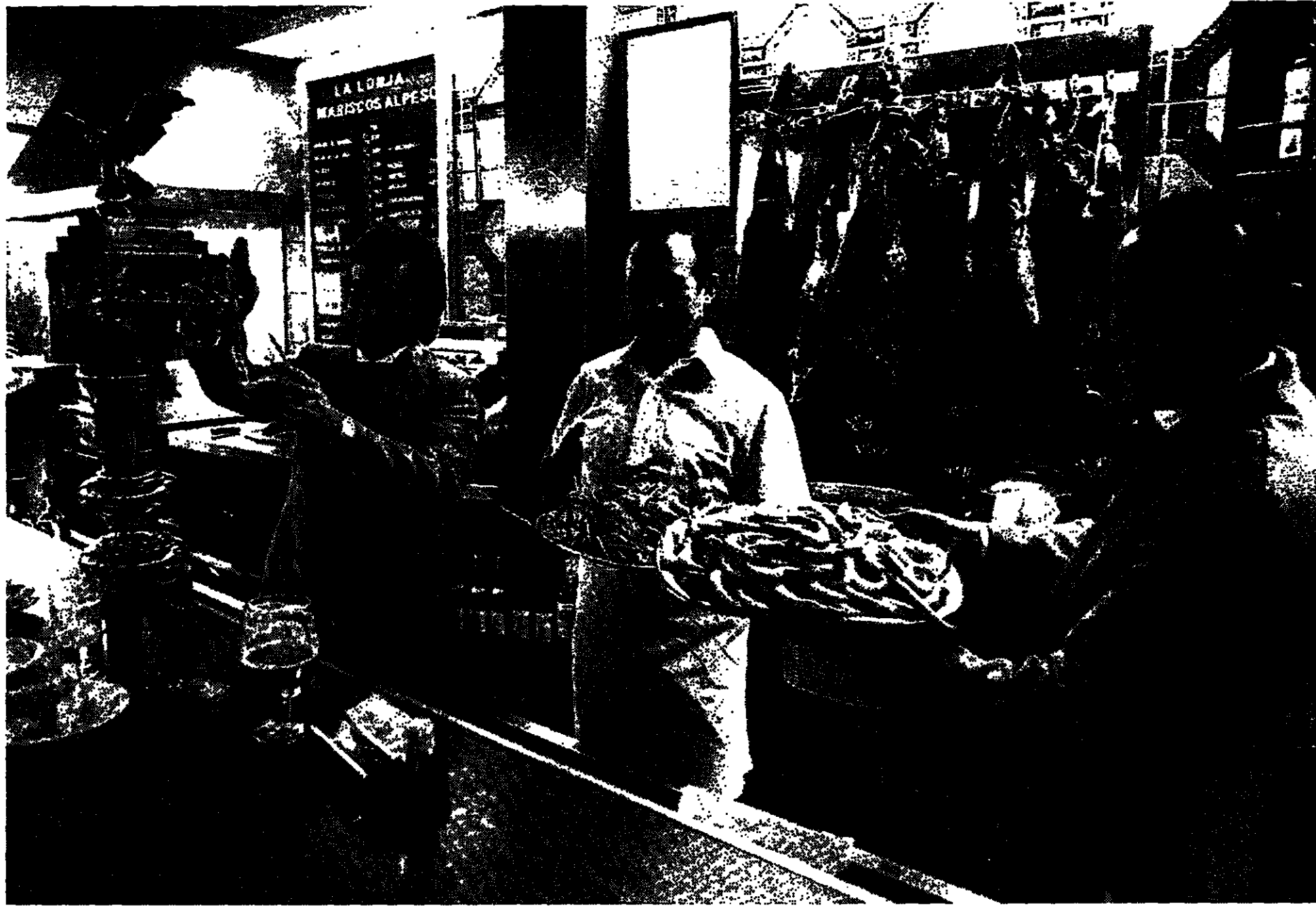
This is by way of introducing an account of some meals I had in travelling through Galicia in north-western Spain. More than anywhere else I have eaten recently, this is a place where, together, food and surroundings combine to produce meals of strong and unforgettable flavour.

Galicia - isolated, rural, and battered by Atlantic weather - has a cuisine all its own. Peasant farming in the green valleys produces a limited range of crops - untypically "northern" for Spain - such as cabbage and turnips. By contrast, the waters off the rocky and indented shoreline of its rias, or drowned river valleys, produce a wealth of ocean produce.

Scallops, mussels, crayfish, crabs, eels, oysters, squid, shrimp, octopus and an endless variety of fish make Galicia Spain's seafood locker. Every night special trains and fleets of trucks leave Galician ports so that next morning fresh seafood deliveries will show up everywhere from chic Madrid tapas bars to tiny Andalusian villages. Some critics rate Galicia's rias as the source of the best seafood in Europe.

But Galicia itself is no centre of culinary cultural refinement - in my drive from Santiago northwards through a dozen fishing ports I did not once see a restaurant that might be termed sophisticated. Wet weather puts off tourists and local underdevelopment discourages any kind of pretension. I ate on paper tablecloths in simple restaurants, often to the accompaniment of a blaring television. So much the better. What counts here is the freshness of the food and a chance to watch ordinary Galicians go their everyday way.

THE SANTIAGO MARKET
Santiago de Compostela has been the site of Europe's greatest religious pilgrimage for more than 1,000 years. Its medieval covered market is also a good place to begin a culinary pilgrimage. It is like a large shopping centre straight



Tapas, popular all over Spain: what counts is the freshness of the food

Trevor Humphries

from the middle ages - long, stone-paved alleys and row after row of arcades mimic the aisles of a modern supermarket.

But there is nothing modern here. Whole animals hang from hooks. Skinned sheep's heads stare at you. Squat, headscarved Galician farmers' wives work with thick, field-roughened fingers to arrange bunches of chives into precise piles on wickerwork baskets. Plastic wrapping, polystyrene, and clerks in white jackets might never have existed.

All the aisles were piled high with produce from the surrounding countryside, but my favourite was the cheese aisle, where each cheese rested softly on straw-covered wooden racks. I bought a queso San Simon from a toothless, grey-haired granny in black widow's

weeds. It was a wonderful cheese - creamy coloured, large, and conical in shape. Such cheeses are much prized in Galicia - when I told the old woman that I was taking my cheese home with me I received 10 minutes of instruction on its care.

What did not last more than five minutes, though, was the fresh tuna and sweet red pepper empanada I also bought. Empanadas are the Iberian version of Cornish pasties, and very popular. Downed with a glass of cool Galician apple cider, they make a delicious market-morning snack.

EL BOMBERO
There is nothing fancy about El Bombero, a small upstairs restaurant overlooking a narrow Santiago street. From my table I could watch three generations of family members at work in the kitchen. A small child, getting in everyone's way, played about the floor on hands and knees.

But homely restaurants make homely food, and a caldo gallego was just what I needed to ward off the raw air and the Atlantic rain pelting down outside. A caldo is the simplest of peasant fare, a thick soup of cabbage, potatoes, white beans and turnips in a meat broth. Its popularity is attested by the dark green cabbagees seen growing high on thick stalks outside every rural house in Galicia.

The merluza a la cazuela or hake stew which followed is just as humble a dish, and just as delicious. Prepared in a small terracotta bowl that came to the table bubbling hot, it is a hearty marriage of Galician products from sea and shore: thick slices of hake baked in a fresh tomato sauce with peas, potatoes, onions and savory chunks of cured serrano ham. I walked out of El Bombero ready to take on any kind of weather.

SAN FRANCISCO
The roadside San Francisco restaurant, near the coastal village of Lauro, has a vast collection of key chains mounted in glass cases on the walls. It is one of the more arcane branches of collecting, and I would have preferred to see a menu. But no. The lady of the house asks you if you would like such-and-such a dish. If you would, you get it. If you would not, you get it anyway.

Did I want linguado, she asked. I had never heard of it, and shook my head. Did I want a pitcher of Ribeiro? I had never heard of that either, and shook my head again. Linguado and Ribeiro were duly produced, and in this way I enjoyed a delicious meal of sole and the local wine, a refreshing change from the heavier wines grown in hotter, sunnier parts of Spain.

PLAYA DE BALEO
It does not much matter what you take on a picnic to the Galician seaside. It is all so beautifully wild and deserted you cannot help enjoying the simplest of food. Crusty Spanish bread, savoury chorizo sausage, cheese, tomatoes, a bottle of Ribeiro, in these surroundings what more could you want? I am afraid, though, that after half-a-dozen picnics on half-a-dozen glorious Galician seashores, I have become seriously addicted to anchovy-stuffed olives. They are difficult to find in London.

CAMARIÑAS
There are dozens of fishing boats in the port at Camariñas. But when I arrived a heavy three-day blow meant there was nothing left in O Meu Lar, the little fish restaurant decorated with photos of the local football team and its cups and trophies.

Off then, to the local hamburguesaria, a place so unassuming that this was the only name marked on the sign outside. But so many Galicians have emigrated to Argentina and then returned home that Argentine meat-eating habits are well established here - you will find the same grill houses in rural Galicia as you will in downtown Buenos Aires. Ham-

burgers be damned, said I. Humming a tango, I feasted instead on sticks of pinchos morunos, grilled marinated pork doused in a fiery, garlic-based hot sauce.

The wind dropped, the boats went out. O Meu Lar was back in business, and so was I. To a television-roaring of Zaragoza playing Vigo, a Galician team, for the national football championship, I tucked into fat orange riu mussels in escabeche sauce. By half time I had moved on to calamari salad and a bowl of chipirones, small stuffed squid swimming in a sauce of their own ink. To great howls of despair, Vigo finally lost on sudden-death penalties. Everyone else in O Meu Lar was destroyed. Rather ashamed, I walked out feeling like a winner.

MALPICA
All Malpica, once a busy Spanish whaling port, is mad about the ocean.

Elderly men and children - those too old or too young to be out on the sea - clamber about on the rocks at low tide. They poke around with nets and hammers and sticks, looking for octopus, moray eels, mussels, bait worms, nasty-looking but highly tasty clumps of goose barnacles, and the spiny little rock fish that make such good soup.

Down at the harbour, young men set out daily on the high tide, heading for the fishing grounds in little wooden boats. And when the Ave Maria, the Flor de España, the Maria Mercedes, the Jesus Miguel and the rest of the fleet return home, squads of short, heavy-set women await them on the quay. With rubber boots squealing and the arms of their jerseys shoved up to the elbow, they heave and haul at boxes of fish and tubs of squid.

You can dine on vast plates of caldeira in O Burato, a restaurant not far from the harbour where the walls are covered with pictures of Christ and the Virgin framed in scallop shells. And if there is a little spare time between courses, you will see the three elderly waitresses who work there gather in the kitchen to recite their Hail Marys.

Even more uplifting is to sit at twilight by a window in O Pescador, the fisherman's bar perched over the port, and order a tapa of grilled shrimp or fried octopus. Inside, in a blue fug of cigarette smoke, the conversation is loud, the laughter raucous, the sound of dominoes being slapped down on tables by groups of white-knary fishermen, their sharp, Argentine meat-eating habits bob, and ocean waves surge over the rocks. There could be no better place to finish a seafood pilgrimage.

for its lasagna (black pudding, olla gitana (stew in the gipsy style), veal liver and kidney with black olive sauce), and milk-fed lamb. Assume about £40 a head.

Finally, a little book to help you sort out your bocadillos from your platos combinados. *The Traveller's Food and Wine Guide to Spain and Portugal*, by Christine Boyle and Chris Nawrat, costs £6.95 from Carbery Press. Tel: 0264-860365.

CLARETS AND VINTAGE PORTS WANTED
We will pay section business prices. Payment immediate. Please telephone Patrick Wilkinson 071-267 1945
WILKINSON VINTAGERS LIMITED
Fine Wine Merchants
Constitution Rd London NW6 2LN

When rich and famous, Salvador Dalí, the surrealist artist, walked the salons at Madrid's Palace Hotel leading an ocelot and surrounded by admirers.

Writer Ernest Hemingway drank his famous martinis there and film stars Orson Welles, Ava Gardner and the spy Mata Hari are among the celebrities who have slept, eaten, drunk or made love there during its 80 years.

Bullfighters would leave the front door of the Palace dressed in full costume ready for the fray. Belmonte, El Gallo Manolete... the great names of the corrida were cheered from its portals.

I did not glimpse an ocelot or a matador when visiting earlier this summer but, by way of drab compensation, the hotel was packed with Americans, Japanese and Italians in town for the festival of Madrid's patron saint, San Isidro.

It was nearly impossible to get a table in La Capota, the

hotel's Italian restaurant, currently one of the most popular places in town for being seen. Curiously, for such a public venue, it is also where Spanish politicians meet to plot. The atmosphere is refined yet intimate and the impression is of more than lamb chops being cooked up there.

The Palace plans to host chefs for four to six-month periods from different areas of Italy to cook with Paco Rubio, the hotel's executive chef. And although it may seem odd to eat Italian food in the Spanish capital, food is available there from almost every country in the world - in addition to every Spanish region.

When in Madrid it is usually advisable to order fish - some of the freshest and the best

finds its way to the capital - and the poached fillets of sole with a salsa capriciosa were elegantly presented and competently cooked.

Milk-fed lamb and veal are especially recommended and desserts include tiramisú, carrot cake with cinnamon ice-cream, apple tart with poppy seeds and blancmange with fresh fruit coulis.

The average price of a three-course meal is Ptas6,000 (£30) to Ptas6,500, plus tax. If that sounds too high a price then opt for breakfast. Anyone who is anyone can be seen power-broking over the yellow tablecloths between 7.15am and 10am.

There are splendid croissants, breads, fruits, cold meats, smoked salmon, and

compotes available and two chefs will cook, in the dining room, almost anything to order - even bacon and scrambled eggs. You can enjoy a glass of cava if you can face sparkling wine before 10am in the morning - and, it seems, many can. Breakfast costs from Ptas2,150.

Information: The Palace Hotel, Plaza de las Cortes, 28014 Madrid, is a member of Leading Hotels of the World. Reservations can be made in the UK by dialling 0800 181 123 toll free.

Jill James
The dowdy, buy-it-once-a-year-for-the-in-laws-at-Christmas mas image which sherry has in Britain is in stark contrast to the way it is seen in Spain. Dry fino sherries, served well chilled, are immensely

popular with the moneyed Spanish young who appreciate the wine's adaptability, especially with tapas.

For a characteristic bone-dry fino, try Lustan's Puerto Fino, around £7.25 from Gateway. Oddbins or Thresher; or the ever-popular Tio Pepe which is sold for about £7.50 from most off-licences and supermarkets.

An alternative to fino is manzanilla, which is basically the same dry sherry which has been aged near the sea at Sanlúcar de Barrameda. To be authentic, manzanilla should have a sea-salt tang coupled with the dryness of green olives. Barbadoño, £4.99 from branches of Arthur Rackham and The Vintner, is a good example.

Amontillado is old fino. As

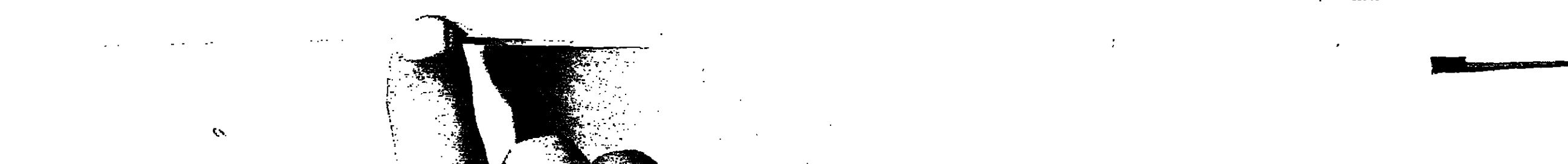
it gets older it gets increasingly nutty in flavour. Naturally, amontillado is bone-dry, dark from age and higher in alcoholic strength than fino. It is used to be the tradition to sweeten up amontillados for the British market and Harvey's 1796 is a monument to this old style. If you want to try an uncompromising old amontillado try Valdespino's Coloseo (Lea & Sandeman, 071-376 4767, £18.95).

Anyone looking for something a little less intense might prefer Alcazar from Bobadilla (£7.25 from Moreno Wines of Paddington 071-723 6887).

Olorosos are generally softer than amontillados. Oloroso means fragrant and the wines are marked by a more immedi-

ately appealing, sweet, nutty bouquet. A superb unadulterated oloroso is Apostoles from Gonzalez Byass (£15.99 from Oddbins). The best oloroso I have drunk is the finest dry oloroso vintage 1963 from Gonzalez Byass, which costs a hefty £65 at Harrods and Selfridges.

Giles MacDonagh
A bold attempt to bring Madrid chic to a world familiar only with tapas is the restaurant Albergo and Grana at 89 Sloane Avenue, London, SW3. (Tel: 071-225 1048/9). Sadly, only the tapas wing of the enterprise seems to flourish and the few diners in the restaurant are obliged to put up with the booming bass of the music from the bar. Albergo & Grana is well worth a look, not least

Appetisers
Hemingway did drink martinis here

TRAVEL

The Silk Road's route to a living laboratory

Few tourists presently travel Uzbekistan's part of the Silk Road — through Khiva, Bokhara and Samarkand to Tashkent. Countries ending in "stan" give off an impression of danger now, enough to deter from the poetry of the names of the road-cities.

This is a shame, for the Silk Road is not merely a parade of cultural artefacts of extraordinary beauty and power strung along a former caravan route which the Chinese pioneered to sell their unique commodity before the birth of Christ, but also a living laboratory of the retreat, and survival, of the road's latest civilisation, the Soviet one.

Khiva, from where it is best to start, is in the north-west of the long strip of land called Uzbekistan, and is a museum. Its walled core has few inhabitants, but a welter of *madrasas* (Moslem seminaries), mosques, palaces, harems and dungeons. The Khivan khans were, according to the Soviet-era museum displays, connoisseurs of cruelty: they embedded victims in "bug pits" of scorpions and ants, impaled them on spikes, executed and strangled them, threw them from the towers of mosques and fed them alive to beasts.

On some accounts, they continued to do at least some of this until deep into this century. Gustav Krist's marvellous, John Buchan-esque memoir *Along Through a Forbidden Land*, records executions by throwing from a mosque tower as late as 1920. In that year, the last of the khans left before the Bolsheviks got him and moved to Afghanistan (his son fetched up as a Soviet army general).

Most of the line of 47 khans lived inside a fortress — the Kunya Ark — within the walls, where the harem, the mint and a mosque have been restored. Finer is the Tash Khauhi, or stone palace, commissioned by the 37th khan, Alakuli, who commanded to be built a palace which still dazzles with its inventiveness and colour. In the main courtyard, the rooms for the legal wives lie along one side, next to the khan's own rooms; opposite, the rooms for the 40 non-lawful wives. Meok Kasmaadov, a local man who did a fair job as a guide, says that "because they were on the sunny side, they often grew tired and sometimes sick — at which the khan would throw them out".

There is little sign of a religious revival, though *madrasas* are being brought into new service at a great rate everywhere and Islam is close to a state religion. One of the largest *madrasas* has been re-cast as a hotel. The manager looks very much like Libyan leader Muammer Gaddafi, and tries to charge \$50 for a badly converted cell with a tap and a broken toilet.

In the restaurant next door, the tables were taken up with an Algerian-Russian-Uzbek crew leisurely filming what was said to be a promotional film. They stayed up much of the night for a union meeting in the hotel's forecourt, com-

plaining of bad conditions and low pay. A bar in a vault sells western drinks and cigarettes. On the stools, two young Uzbeks sat and swayed delicately to the Russian and Uzbek pop music, eyes shut.

The local children were voracious for gum or money, and threw stones at one companion who parted with neither. But a wedding procession in the mid-day heat was a showcase for a marvellous dance from an elderly man, pirouetting gravely before a young couple who walked slowly down the main street, the bride with grim face, the groom sulking with his best man.

A little bus to get us to Bokhara bounced through the gathering dusk across the southern edge of the Kizyl Kum desert. Bokhara also has an ark (citadel), which juts up out of a leafy square, and inside is a museum of exquisitely made Korans and the apartments and courts of the caliphs whose arrogance caused all supplicants and ambassadors to approach on all fours and walk out backwards.

On the wall, a little pie chart shows that "before the revolution, the richest families in the city controlled 87 per cent of

the land; the peasants, 13 per cent". The Bokhara bug-pit housed two British officers, Lt-Col Charles Stoddart and Capt Arthur Connolly, in the early 1840s. They were executed when the latter refused to convert to Islam.

Our guide was a rufous Uzbek woman named Zina Ashurova who, in Bokhara's oven-like temperatures, had the fondest memories of her time in a college in Novokuznetsk, a — to my senses — industrial hell-hole of a town in southern Siberia built round a vast steel plant. "The people there are so warm, so welcoming," she said. In the grounds of the Ark, most other sight-seers were girls from outlying villages in loose dresses of brightly-coloured silk, giggly and silly before the western strangers.

Ashurova proposed an excursion to a little museum she knew "where you can try on clothes". It was, of course, a softening-up course for shopping, but more or less worth it. The museum was in a private house, preserved. Ashurova described it as a millionaire's house. In fact, as I was later told, it belonged to the family of Kodja Oghli, or Kojakov, a man of wealthy family who turned communist and who in 1920 assisted the Bolsheviks to expel the emir and the bourgeoisie. Later he became first secretary of Uzbekistan, and was executed in the late 1930s by Stalin.

We sat in the house of the class traitor and were served green tea and sweets. After some time, the curator of the museum came in and showed us clothes, inviting us to try them on so that we were dressed as Uzbeks of property. Her husband, a handsome, languid man, assisted (only men can dress men in Moslem custom). The rooms were splendid. In one, a vast old gramophone declared it to have been the chamber where the women of the house danced together of an afternoon.

Taken for Jews in the street, we were led to the town's synagogue by its caretaker. It was two medium-sized rooms in a sagging house, with the prayers in large letters on the walls and the raised pulpit in the middle of the room. The tables were covered with tea bowls and little capots. The caretaker said that 400 Jews only remained from a community of many thousands. Later, in the market, a trader who introduced himself as Jewish, said there were 2,000 Jews, "but leaving fast" — as from everywhere in the former Soviet Union.

In the local art gallery, a young artist named Rachman Avezov sold me an illustration, and himself guided us to the large Kalyan Mosque, and to some of the fine — but deserted — old *madrasas*. An Uzbek, he studied in Leningrad (as it then was) and married a Russian. His wife found Bokhara provincial and hot, and left him with their son to live in Norilsk in the Arctic circle; he remarried.

He fears that a revival of religion will narrow the freedom artists enjoy in a still largely secular (if comparatively mildly despotic state. "Art has no boundaries," he said, showing me a book of *avant garde* art he had just bought, in which Uzbek and Russian artists were displayed together.

"Mildly despotic" deserves an explanation. The country is run by a president, Islam Karimov, the former Communist Party first secretary, who routinely throws opposition leaders into jail. He recently sent the editor of an opposition newspaper, a man in his late 50s, to hard labour in gold mines for five years. Diplomats in Tashkent credit Karimov with being hard-working and concerned for the future of his country.

Another 300-plus kilometres of bad road, and there is Samarkand, where the mausoleum of Tamberlaine — Gur Emir, the Ruler's Tomb — is being restored by lethargic workers and the guard, for about \$4, took us to the real burial vault of the tyrant under the false one he built to deter disturbers.

He told us the well-worn tale of the Russian anthropologist, Mikhail Gerasimov, who — defying the curse laid upon grave-openers — exhumed the body on the night of June 22 1941, to be told within minutes of doing so that Hitler, goaded to fury by the insult to his fellow mass murderer, had invaded the Soviet Union.

But the glory of Samarkand



A mausoleum, mosque and minaret in the walled museum at the heart of Khiva

and of the road is the Registrar: a square formed on three sides by the soaring arches of *madrasas*, of a form and colouring (mostly restored) which define space in a way not found in Europe. Behind the vast arches of the entrances are the ribbed domes of the mosques splayed out from the central apex like tensed muscles. Inside are some of the loveliest rooms in the world, some restored and well preserved, others neglected. In the yards, lounging young men entice you to their stall by shouting, and play the awful local pop on portable tape machines.

One last bone rattle to Tashkent. Uzbekistan's capital was wholly destroyed by a series of earthquakes in 1966 and rebuilt as a model Soviet city. It is green, with more working fountains than others of its kind, but dull, too, with no fine buildings.

In the squalid airport, men and women humped huge sacks of fruit and vegetables; merchants with low-price tickets were taking produce on a 3½-hour flight to Moscow. Theft from gardens is now common because of the high prices which the produce commands in the Russian markets.

In the main museum we saw a jumble of paintings, many in the Soviet realist style: strapping Uzbek cotton workers and soldiers, patient old men's faces, wooden still lifes. The handicrafts, by contrast, are marvellous: embroidered *khozas* (men's gowns) which took five years of a woman's working life, covered in intricate designs in gold thread.

In the Hotel Uzbekistan, we found another wedding. The young women danced gracefully to the raucous din from the loudspeakers; the men pay them, and they give the money to the bride. To our table came a drunken waitress. A few moments before she had rudely refused to sell us tea on the obviously false grounds that there were no teapots. She sat and burst into tears, speaking a very broken German. She claimed she was ethnic German (there are many still in central Asia) and that her brother had gone to Germany while she was stuck here.

She remembered her mother, and cried. She tried to insist that we were German, anxious to claim a kinship. But, perhaps suddenly struck that she was a middle-aged waitress, drunk but well short of oblivion, in a shabby hotel bar where the Germans whose understanding she was trying to gain were barely civil and were anyway not German — she rose with a grunt and flopped off back behind her counter.

HOLIDAYS & TRAVEL

FLIGHTS

UNION ECONOMY BUSINESS & 1st CLASS			
NEW YORK	130	995	1390
LOS ANGELES	360	990	1350
BANGKOK	310	650	1200
HONG KONG	410	750	2100
TOKYO	445	925	1900
BEIJING	299	530	1200
SINGAPORE	550	1190	2320
AUCKLAND	550	1190	2320
SINGAPORE	625	1190	2320

TEL: 071 493 4343
FAX: 071 491 2888

CAYMAN ISLANDS

GRAND CAYMAN
Luxurious 2 & 3 bedrooms condominium on quiet part of fabulous 7 mile beach with pool & tennis. Swim, snorkel, dive, fish or just relax in the sun. Fully equipped with daily maid service. 20% off our attractive full rates for direct booking. Call Sharon 0101 (809) 947-5291 or fax 947-5629

CRUISING

Cruise Mallorca in a 70ft. Classic Yacht. Superb Food/Wine and Waterports. Join our party as 3 crew members a minimum of 8 guests. From \$425 p.p. Tel. 061 440 0010 124 hours

ITALY

TUSCANY
Lovely farm house with swimming pool and maid. No Uccia, slip 8. Now avail 27 Aug-2 wks we also have other properties with pools throughout July & Aug contact International Chapters for this and other beautiful properties in Italy: 071 722 9560

GREECE

GREEK ISLANDS
Self Catering Villas & Apartments. From Basic Studios through to Luxury Villas with air-conditioning and Swimming Pool. Phone Stuart Tradewell on 0323-417577

Frequent flyer TRAVEL CLUB			
ALL DESTINATIONS EX LONDON	Club	1st	2nd
ANTWERP	club	11275	11275
BANGKOK	club	11450	11450
BRAZIL	club	11950	11950
BURMA	club	6725	6725
CHINA	club	8999	8999
HONG KONG	club	11779	11779
INDONESIA	club	112500	112500
JAPAN	club	112500	112500
NEW YORK	club	112500	112500
LOS ANGELES	club	112500	112500
NEW ZEALAND	club	112500	112500
TOKYO	club	112500	112500

For more details call 071 493 0021
071 493 0021

UP TO 60% DISCOUNT ON SCHEDULED FLIGHTS WORLDWIDE
WORLD LINK
ATA, ATOL & IATA consultants
TEL: 071 538 8273

FRANCE
COTE D'AZUR
We have the best selection of private villas with pools in the areas near Antibes, Grasse and Cannes. All sizes and dates. Tel: 059 124100 For brochure

FRENCH RIVIERA CAP FERRAT
Villa & guesthouse, garden, pool, sea view, 5 beds, 3 baths. £20,000 weekly. Bristol Tel: (33) 93 01 00 86 Fax 93 01 40 45

AFRICA
ZIMBABWE
TANZANIA BOTSWANA ZAMBIA & NAMIBIA
TAMBORE SAFARIS
Luxurious remote lodges. Walking, canoeing, riding and vehicle safaris with the very best guides. Superb wildlife. Adventure with comfort. Call us to create your ideal safari. Phone John Burdett on (0044) 28870
0044 28870
Hamilton House, 60 Palmerston Rd, Northampton, NN1 6EX

GERMANY
Germany Daily low cost flights. 071 838 4444. Visa/Access ATOL 30685 ATOL 174

FINANCIAL TIMES
Whilst care is taken to establish that our advertisements are bona fide, readers are strongly recommended to take their own precautions before entering into any agreement.

YACHTING

Camper & Nicholson's
YACHTING SINCE 1782
THE FINEST CHARTER YACHTS
Still some availability for July and August or enjoy superb Mediterranean weather in September and October at very attractive prices. A selection from our portfolio:

CALL TODAY FOR THE CAMPER & NICHOLSON'S WORLD CHARTER ANNUAL 1994

Camper & Nicholson's 26 Bruton Street London W1X 7DB Tel: (44) 71 491 2950 Fax: (44) 71 629 2068	Camper & Nicholson's 12 avenue de la Libération 06000 Antibes France Tel: (33) 92 912 912 Fax: (33) 92 912 900
--	---

Yacht Brokerage & Charter & Management & New Construction

SPECIAL INTEREST

PLACIDO DOMINGO IN VERONA
6-10 AUGUST From only 595 per person including the fabulous Gala on 9 August and wine tasting in the best vineyards of the Veneto.
11 AUGUST - 1 September Opera in Verona. From only 399 with La Scala & optional Orfeo flying direct to Verona, scheduled flights, and 3 nights 3* hotel or 499 staying at the 4* Grand.
Or join one of our superb wine tours in France, Spain, Portugal, Italy and Australia.
ARRLASTER & CLARKE WINE TOURS
Precept, Petersfield GU32 2BR (PT)
Tel: 0738 266853 Fax: 0738 266828
ATO TRUST 1085 ATOL 2543

THAILAND
Forgotten beaches & friendly faces
Woodlands Resort PATTAYA
7 ms from £499
2nd week £56
Our Winter brochure has a wide choice of holidays. See your travel agent or CALL 081-748 5050
HAYES and JARVIS
HAYES JARVIS LIMITED
1994-1995

SPAIN
ANDALUCIA
30% cancellation discount.
Superb villa. Garden 30 mins in hills from Escapade. Amazing swimming pool. Sleeps 10. Normally £2,150 now £1,500 pw. Available 16/8 to 30/8.
TEL: DEBBIE 071 581 2040



Ark fortresses and town at Bokhara

SPORT: WORLD CUP '94

Rio waits for Romário to bring home 'his' Cup

Normally Brazil play the best football in the World Cup and get knocked out early.

This year has been different for two reasons: their defenders can defend and they have a striker who can score. Romário (da Souza Faria) has five goals in six World Cup games so far - about the average rate for his career. This league season, he scored 30 for Barcelona.

Carlos Alberto Parreira, the Brazilian coach, may never invite Romário to his birthday party, but he has decided to forget the great man's personality flaws at least until tomorrow night.

Now that Maradona has retired yet again, Romário is probably the best player in the world, but in the last World Cup his irascible character kept him from playing

Simon Kuper on the unpredictable brilliance of one of the world's great strikers

more than part of one match. This is a man who says his hobby is sleeping (14 hours a day); who informed the Dutch press that his PSV Eindhoven team-mates could not play soccer, who flies home to Rio when he feels like it, league fixtures or not; who likes nightlife so much that he is "going to keep going out until I am 90 years old"; and who called Pelé "mentally retarded."

Romário lacks Maradona's self-destructive streak (when he goes out he neither drinks nor smokes, not even cigarettes), but he is also a good deal less sociable than the Argentine. He thought it most unreasonable that he had to sit next to his striking partner Bebeto on the plane to the US. Carlos Alberto

Parreira, a European type of coach, only recently came round to the idea of letting this man into his team.

If you are Romário you don't have to be nice to people. Bobby Robson managed him at PSV and was frequently tempted to fire him, but then the striker would appear suddenly on an overnight flight from Brazil and score a hat-trick against Ajax.

The problem at PSV was that Romário disliked Holland. He failed to understand the weather, or the Dutch habit of turning up for appointments, or the way they treat soccer stars as normal people, and he failed to charm the natives by saying things like: "In Holland I work; I live in Rio."

He was never at home in sleepy Eindhoven. Born in a Rio slum, he moved with his parents to a slightly nicer slum before becoming a star.

He does not dare visit the neighbourhoods where he grew up, but he loves driving around Rio like a madman, and when, during a recent game of beach volleyball, he noticed a new building going up, he bought 10 apartments on the spot.

Rio came through for him again after his father was kidnapped in May. Within days, the police had found the old man.

It seems that the tip-off came from a gangster who feared that Romário's form might suffer if his father were killed. "The only way I can repay the Brazilian people,"

Romário said, "is by scoring goals and helping to win the World Cup." This, he declared, was going to be "Romário's Cup."

During it, he has been the closest we have to a Maradona Mark II. About the same height as the Argentine, with the same enormous chest and thighs and skinny calves, he has Maradona's sense of balance and can similarly beat multiple defenders within a few feet in the penalty area.

Romário, too, has taken to running with the ball from mid-field. He is always surprising. "If it had been a European player, he would have put it in the far corner," observed Russian keeper Dmitri Khariin after Romário scored against him. "But Romário is a Bra-

zilian and he put it in the near corner."

Romário's goal against Holland (he considered shaving his head before the game) was even more special.

A cross landed far too far in front of him, so he flicked himself three yards through the air and, while he was still dropping, virtually on top of the ball, hit a half-volley with the outside of his right boot into the inside side-netting of the Dutch goal.

The Italian defence will probably not permit much of a goalfest tomorrow, and Romário was part of the Barcelona team that lost 4-0 to AC Milan in May's European Cup final.

But when Romário says that this is Romário's Cup, and that he is the real thing, why should we argue?

Losing wagers litter path to final

Betting-wise, the World Cup has not proved my finest hour, writes Michael Thompson-Noel. No bookmakers have topped themselves as a result of my bets, which is always the bonus I savour most.

I got over-headed to start with; then slowed to a crawl; and was finally fattened by questionable odds. In short: bad strategy, poor money management, and loss of nerve.

I started too excitedly, backing Colombia and Argentina, then Romania, Nigeria and Germany, and eventually Bulgaria - six squads of shirt-lifters. Between them, these australopithecines cost me £308 (including tax).

The only sensible bet I made all month was 550 Brazil to win the World Cup at 5-1, which was the best price you could find in London on June 17. Italy were 6-1 that day, but I have never backed Italy in my life. On the other hand, the bookies were offering half-odds if teams reached the final, so there must be thousands of Italians already showing a huge collective profit.

This is what attracted me to Romania at 33-1 after they trounced Colombia. Romania I divined - were a team from the 21st century; pity about their penalty-taking.

As the tournament progressed and Brazil looked far from convincing, I stared in horror at their rapidly-shrinking price. This was my big mistake.

There is a streak of showiness in my character which at times mutates into a bulging vein of vulgarity. Among other things, this makes me a contra-bettor. I disdain sensibly-priced favourites such as Brazil and instead bet on flashy outsiders such as Nigeria, Romania and Bulgaria.

As things stand, I will lose £134 even if Brazil win tomorrow. So yesterday I rang the wrecked bookies, looking for an escape.

I started with the rascals at Ladbroke, which calls itself, smugly, the biggest bookmaker in the solar system. Brazil, said Ladbroke, are now 8-15 to win the cup, and Italy 11-8. This is no help to me. I never bet odds-on.

So I questioned the rascals severely. I asked them what the odds were against Brazil beating Italy 4-1, as they did in the World Cup final in 1970. Answer: 40-1. Brazil to win by 10 goals to nil? Answer: 100-1.

These odds are inhumanly cramped. I would rather buy blood from a vampire. But I believe I have no choice. With a mighty smirk and swag, I will today bet £20 on a 4-1 Brazilian win and £20 on a 10-0 pasting. I mean, Italy?

Coaches ponder their final teams

The jobs of Carlos Alberto Parreira and Arrigo Sacchi are on the line tomorrow, writes Peter Berlin



When their team was announced before the semi-final against Sweden, Brazilian fans in the stadium greeted every name with a roar - all names but the last one. They gave coach Carlos Alberto Parreira the bird.

One of the oddities of this World Cup is that the coaches of both finalists could be fired. In part this reflects the whole tournament: lots of great games, no great teams.

Brazil's fans yearn for more *fantasia* than Parreira has been able to provide. He did not invent the five-man back line that Brazil have used, but in this World Cup the formation has suddenly looked terribly defensive.

Part of the blame lies with the players Parreira has. The three central defenders are all good, old-fashioned centre-halfs: quick, strong and athletic and, as with all Brazilians, comfortable on the ball. But they are unwilling to burst forward.

On the rare occasions that Mauro Silva has joined the attack he has not made a telling contribution. In front of the centre-backs sits Dunga, the best defensive mid-field player in the competition.

He, too, is slow to commit himself to attack.

Often when Brazil are attacking, four or five of their players loiter at the half-way line marking one opposing striker. Memories of last summer's defensive collapse against Germany in a friendly in Washington DC still linger.

The Brazilian approach depends on the attacking abilities of the wing-backs and mid-field players. The suspension of Leonardo has been a severe blow. His replacement, Branco, is a menace at free kicks but lacks the pace and stamina to pose a consistent threat to the opposing full-back.

The attacking mid-field men have disappointed. Mazinho and Zinho have been patchy. Rai pedestrian. Perhaps the coach will give in to the Brazilian president, fans (and

to memories of Pelé) and pick the 17-year-old wonder-child Ronaldo.

Brazil have had difficulty breaking down defences. Their passing and movement off the ball remain pleasing to watch, but often lack thrust.

They have been most dangerous on the rapid counter, when a long ball from defence finds Bebeto and Romário facing just two or three defenders, with the whole opposing half to move in. These two have demonstrated time after time how dangerous two attackers hunting as a pair can be.

So far, Parreira's system has worked. Brazil's style is well-suited to the heat. The team have looked in control throughout all but one of their games. The solitary exception came after they took a 2-0 lead against Holland.

Brazil may have been guilty of losing concentration or it may be that until they backed the Dutch into a corner they had not faced a dangerous attacking side.

The suspicion remains that Brazil have looked so comfortable in most of their games not because they are good but because their other opponents - Sweden (twice), Russia, Cameroon and the US - have been poor and defensive.

Italy are capable of applying pressure that Brazil have not yet experienced. If Dennis Bergkamp can run through the Brazilian defence, so can Roberto Baggio. If Aron Winter can beat them in the air, so can Pierluigi Casiraghi - if Sacchi picks him.

Nevertheless, the Brazilians probably hope they face the industrious but goal-shy Casiraghi rather than the speedy, sharp-shooting alternatives: Giuseppe Signori and Daniele Massaro. The Brazilian solution will be to defend in numbers.

Italy, too, will be obsessed with double- and triple-marking Bebeto and Romário. The hope tomorrow is for an early stroke of genius which brings a goal and loosens up both defences.



The only people who do not have happy memories of the 1970 World Cup final, when Brazil produced a virtuoso display, are Italians. They lost 4-1.

But if the attitude of the Italian team in earlier rounds of this World Cup is a guide, they will be glad that they face Brazil tomorrow and not Sweden - not because they desire revenge, but because they want an opponent they can lose to without losing face.

But which Italian side will show up? Will it be the confident side that tore into Bulgaria for 20 minutes in the first half of their semi-final, producing the best passage of sustained attacking play in the tournament?

Or will it be the team that surrendered after Spain equalised in the quarter-final, spent 20 minutes in an abject defensive crouch and were rescued only by goalkeeper Gianluca Pagliuca's fortuitous save

against Julio Salinas and by Roberto Baggio's off-side goal immediately afterwards?

Italy's progress to the final has not stilled coach Arrigo Sacchi's army of critics. Some dislike his English-style tactics, others his end-less tinkering with the team - Sacchi has used 20 of his 22 players - as he searches for 11 who will conform to his plan. Some object to him on political grounds: he is Berlusconi's protégé.

It is easy to second-guess Sacchi's squad selection. Roberto Donadoni is the only genuine wide player and, canny, skilful and tough as he is, Donadoni now lacks the pace to beat defenders on the outside. Only Roberto Mussi, a full-back, and Giuseppe Signori, playing out of position, have consistently found good crossing positions, though, like everyone in this World Cup, they have had trouble crossing well.

Critics argue that it is no accident that Italy have earned the nickname of "Cardiac Kids," winning

twice with 10 men. Only when they have a player sent off can they safely shake off Sacchi's tactics, it appears.

Yet against Bulgaria, Sacchi's thinking paid off. The Italians applied relentless pressure to the ball carrier. Two or three blue shirts would harry every Bulgarian. The Bulgarians tried switching the ball back and forth across the field, away from the crowds of Italians, yet could never escape. They were penned in their half; Italy seemed to have more men on the field.

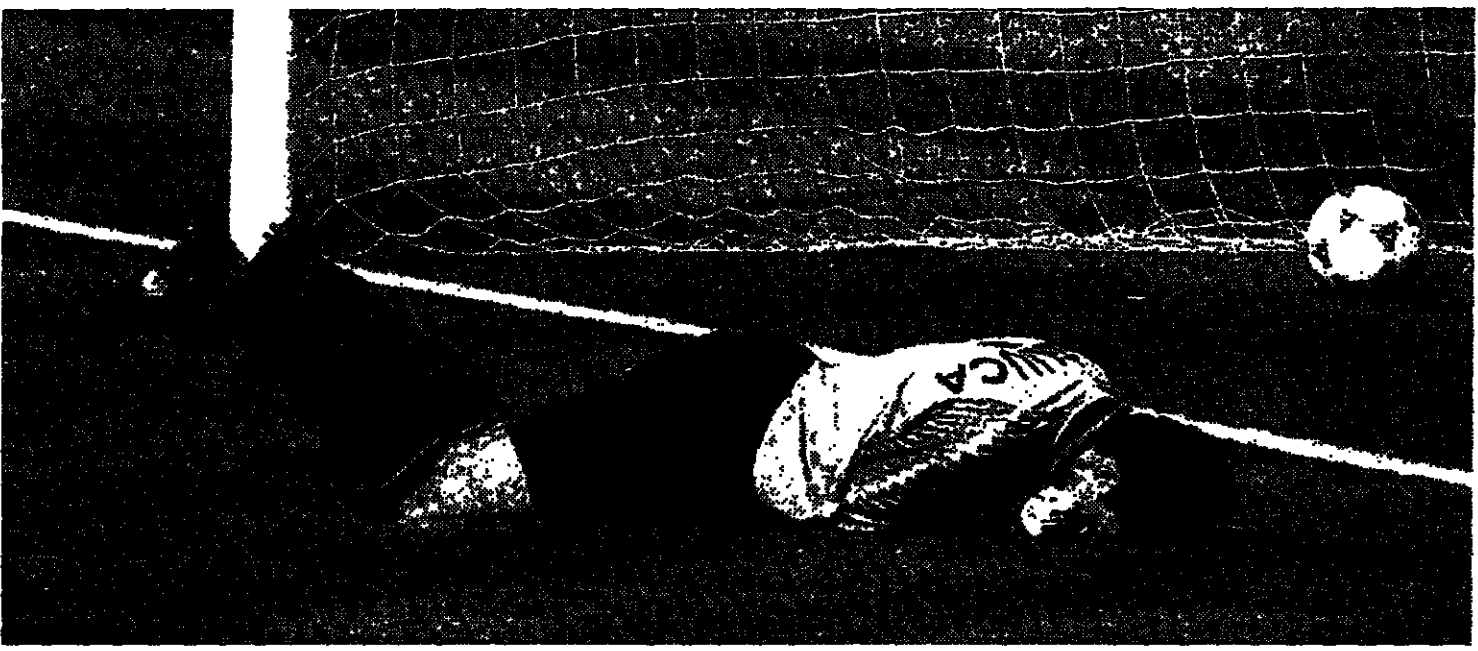
The Brazilians like to move out of defence with quick short passes, which should provide the Italians with chances to regain the ball quickly in the most dangerous area, as the Dutch did in the later stages of their match against Brazil. It also means that Italy could spend an exhausting afternoon in the heat chasing shadows.

Since the injury to Franco Baresi, who showed his age against Ireland, the Italian defence has been impressively solid. Yes, they occasionally look shaky when players run at them, as Bebeto and Romário will, but so does any defence. Now they will be without Sandro Costacurra and, unless FIFA has an uncharacteristic change of heart, Mauro Tassotti. If this means a return for Baresi, who had knee surgery on June 19, the Brazilian strikers will be eager to test him out.

Sacchi's squad is showing signs of wear. Baggio tweaked a hamstring against Bulgaria. With three days' rest he should be able to start, but he will know that if he extends himself the hamstring could pop again at any time.

Pierluigi Casiraghi showed signs of cramp after barely an hour of his first World Cup start. That may be because he has hardly played for a month or, more likely, because the 30° heat on Wednesday and over the last month has taken a toll on even the best-rested players.

But the key for the Italians lies not in their legs but in their heads. If their nerve and luck hold, they are capable of avenging 1970.



Italian goalkeeper Gianluca Pagliuca prone after Bulgaria's penalty in Thursday's semi-final. But the "Cardiac Kids" held on to inch into the final

Confessions of a temporary sports writer

Continued from Page 1

murder of a Colombian, red and yellow cards like confetti, orange crushes and cold beers, heat beyond all belief, happy fans and sad fans, painted fans and near naked fans but no violent ones, Arab princes in robes and Armanis and Dutchmen in horns presumably borrowed from elks or Norwegians.

And there was no need to go to the office: the stadium - or the couch - was the office.

It has, in fact, been enjoyable - so much so that it is pointless to ponder truly profound questions derived from the experience: such as whether professional soccer can take root in the US (maybe, but it will still take time); when Alan Rothenberg, the US organiser of the

World Cup, runs for the senate from California as a Democrat (he probably will not have the time); or if a class action suit against adidas is possible for offences to fashion (goalkeeping jerseys are now universally disgusting. At least Jorge Campos, the Mexican macaw, designs his own).

Some gentler observations are possible. One will be heretical to supporters of all the 24 qualifying teams and may even be antithetical to the whole ethos of all sports, but it was passed on by one veteran English soccer writer in a quiet passage of the Norway-Mexico game (ie, the first 85 minutes).

To avoid being lynched on his return, his identity must be protected, but what he said was something like: "It's wonderful England

aren't playing. I don't have to write about the bloody players, I don't have to write about the bloody fans, I can sit back and enjoy the game and then I can write about what I actually saw." (One of his colleagues, he said, was assigned to Ireland, the Anglo substitute.)

He is right. Having only the most marginal of stakes in the outcome (how could anyone not root for an underdog, except possibly Greece, and then only because of the political banners sported by their supporters?) helps one appreciate the game.

A Moroccan or Belgian is obliged to think that Mohammed Al Deayea of Saudi Arabia is the jammiest goalkeeper on earth, much as Brian Clough long ago dismissed Jan Tomaszewski of Poland.

But the more-or-less neutral observer is free to conclude that no last line of defence leaps higher, faster and wider, or has better hands.

Sweetest must say that Romário's goal was not a patch on Kenneth Andersen's lovely one in their 1-1 draw, but the eunuch may see that only the Brazilian striker had the speed, balance and confidence to score in the way he did - and would do so again.

Whole teams can be viewed either with dispassion or through the filter of presumed national characteristics, or a bit of both.

There seems a joyful instinctiveness to close order Brazilian passing that is as rhythmic as a samba but is offset by an anarchic disregard for authority. There is a fierce

ness about the Bulgarian Stoichkov and the Romanian Hagi that reflects their Balkan heritage, but also a creativity and leadership that bespeak hope, unfortunately still rather confined to the football field.

There was an ultimate sadness to the performances of Nigeria and Cameroon - so much talent, so little direction, that cannot entirely be divorced in the mind's eye from Africa's consuming problems. And if the Irish were just honest plodders, what else is new?

But there have been moments of individual brilliance transcending the merely national or the analytical. Saeed Owaizan's goal for Saudi Arabia against Belgium was story-book stuff for the ages, a few seconds of pure inspiration to be compared with anything wrought by

Pelé and Maradona at their most magical, or Bobby Thomson's immortal homer of 1953, or Desert Orchid's last great race.

Like a birdie on the 18th hole after a round of rubbish, it was the sort of moment that keeps you wanting to play or watch again and again, even a third division match on a wet Wednesday in Preston.

Honesty also requires a final confession: there is something about this sports writing which is a bit of a giggle. You can get away with free association, clichés and flights of fancy, all of which are ruthlessly - and usually correctly - excised from just about every other form of newspaper reporting (apart from restaurant reviews).

You even dream about making Pseud's Corner in *Private Eye*,

secure in the knowledge that you will never qualify any other way. Not, as the power-that-be should know, that it is anything other than a temporary addiction.

Two forms of journalism probably constitute hell on earth - covering the White House full time and only writing about sports - but an intermittent binge on one or the other has a curiously restorative effect.

So, if you want me after Pasadena, I'll be in Camden Yards in Baltimore watching Cal and the Orioles, or around the White House observing Bill and Hills fend off, or not, sliding tackles from mean Bob and the God squad's back four. For this alone, the World Cup deserves thanks.

You know the rest, or will by tomorrow night.

The smooth running of World Cup USA '94 and tomorrow's closing ceremony will be thanks to sophisticated client server systems designed by EDS. The organisation behind the organisation.

Remember the trouble you had organising your wife's birthday party? Try organising the closing ceremony of the World Cup.

The technology services behind World Cup USA '94. For further information call Bill Wright on (442) 81 754 4318

EDS

SPORT



Enough to make a beginner blush: The frustration of inconsistency - 75 on Thursday, 66 on Friday - explains why Faldo looks so miserable these days

Golf/Derek Lawrenson

Faldo struggles to assert his rights

Can the old guard be seen handing over to the new at the Open championship at Turnberry?

It was all so simple a few years ago. If the Open was held in Scotland then the winner would be Nick Faldo. It happened in 1987 at Muirfield, at St Andrews in 1990, and again at Muirfield two years ago.

Faldo's right to be considered the dominant player of the age was made in Scotland. It was to Scotland he came last week to assert that right once more.

He faced the most onerous task. The imperious aura with which he surrounded himself at the start of the decade has evaporated and the lesson of the past is that once gone, it rarely returns.

Think of Tom Watson, winner of five Opens between 1977 and 1984, but none since. Think of Arnold Palmer, who won all his eight major championships in a similarly bountiful six-year period.

Faldo also won two Masters in his five-year span of mastery that began in 1987 but what was also significant was the number of other opportunities that he gave himself to win.

From 1989 to 1992, Faldo never finished outside the top 20 in any major championship. Last year, he challenged Greg Norman every step of the way at Sandwich, before eventually settling for runner's up spot, and again at the USPGA championship, where he finished third.

But the old consistency was missing for the first time, with poor perfor-

mances at the Masters where he finished 36th, and the US Open, where he tied for 72nd place. This year, it is that trend that has continued.

Last month, Faldo missed the cut in the US Open, the first time he had suffered such ignominy in 28 major championships. He had gone to the event a week before it had been due to start - for this is the event, above all others, that he would most like to win.

That rude awakening, though, was as nothing to what happened to Faldo on the first day here at Turnberry.

We all know Faldo's characteristics: examine every detail; leave nothing to chance. Faldo's first task for his caddy, Fanny Sunesson, after appointing her, was to send her to Florida for a fortnight to learn about his swing from his coach, David Leadbetter.

Faldo would be the last player, then, who you would expect to play a wrong ball, yet that is what he did on the 17th hole in the first round.

After hitting his drive into the rough, he did not even check the ball's markings; he just went up to it, and hit it. It was the sort of error that would make a beginner blush, let alone the man whose philosophy towards the game is dictated by its meticulousness.

His 75 was the worst he has scored in an Open in relation to par since the last time the championship was played here in 1988.

Faldo's playing partner in the first



Ernie Els: the natural rhythm of the new guard

two rounds was Ernie Els, and it was hard not to think of this as a meeting between the old guard and the new.

It was the first time they had played together since the young South African's win in the US Open. Els is just 24; Faldo will be 37 on Monday. Faldo is strong but Els stronger. At times at Turnberry on Thursday the latter was out-driving the for-

day, when a second-round 66 deflected some of the anguish and was three shots better than his partner Els could manage.

For such a proud, intense man, the frustration of such inconsistency must be horrific and fully explains why he looks so miserable these days. His expression hardly changed at Turnberry - just this side of manic depression.

It was hard not to come to the conclusion that the only thing Faldo has left on Els is experience and increasingly that it would prove no protection at all.

The mechanical nature of Faldo's swing contrasted sharply with Els's natural rhythm. Many believe that Faldo would be better off if he had six months away from the man he calls "Lead", his coach Leadbetter, whom he seems to consult about everything. A time to be Lead-free perhaps?

Faldo was left to battle against missing the cut for the first time in an Open, which was hardly the contest he had in mind at the start of the event.

With yesterday's 66, Faldo at least has a platform. But what a critical weekend this is for him, and the odds are against the restoration of his pre-eminence. Indeed, as he and Els shook hands on the 18th yesterday it was hard not to see the symbolism in this gesture.

A handshake to signal the exchange of power?

Sailing/Keith Wheatley

C stands for seaworthy

Keith Wheatley draws up his own guide to top sailing events

Something about the letter C appears to have seized hold of the sailing world - Cork Week, Commodore's Cup, Cowes Week - they all take place this month.

The letter C is about all these events have in common, however, marvellous though each of them is.

CORK WEEK
Cork Week has been described as "a party with yachts". The organisers promise in the Notice of Race that no competition afloat should take more than about three hours, thus leaving ample time for the festivities to re-convene in the marquees ashore.

In spite of its grand and authentic claim to be the world's oldest yacht club, the Royal Cork promotes Cork Week with almost teenage zest. The grounds of the RCYC, above the harbour at Crosshaven, are turned into a tented village with bars, shops and restaurants.

Nearly 400 boats turned up to race this week in 10 classes, making the Irish regatta one of Europe's largest, second only to Cowes in the number of entries.

The heatwave and light airs were a marked contrast to 1992 (the event is bi-annual) when rain and gales lashed down, requiring even more inner fortification.

Such conditions can be disastrous for the big racing machines that even their opponents want to see at full blast. Yachts such as Richard Mathews' ex-America's Cup 12-metre *Crosser*, the Swan yacht *Highland Fling VII* (Irving Laidlaw) and *Desperado* (Richard Loftus) had to wriggle through big packs of smaller boats. Only the latter found enough of a lead to save its handicap.

Laidlaw has been a keen and successful competitor at the regular Swan regattas around Europe and has persuaded the Finnish yard to build him the first fractionally-rigged Swan in *Highland Fling VII*.

Success on the water - two wins in the first three days - indicates that other racing owners may soon be calling on Swan to vary the previously obligatory masthead rig.

Laidlaw's new boat made *Desperado*, 10ft longer and theoretically faster on handicap, look pedestrian.

THE COMMODORE'S CUP
The Royal Ocean Racing Club created the inaugural Rolex Commodore's Cup two years ago. Its function was to let owners of non-Grand Prix production yachts compete for their country in an international competition. There was a widespread feeling that the Admiral's Cup had become an entirely professional event, with oblivion and penny likely for amateur competitors.

However, rivalry for places in the Commodore's Cup national teams has been so intense that one skipper suggested United Nations intervention.

Of the nine nations competing, the US and Germany are bringing two three-boat teams. And the American crew whose Mumm 36 *Pigs in Space* was held to ransom in a Merseyside wharf dispute can confirm that dock strikes are not a slice of history.

Officially, England has but one team when racing begins on Wednesday. However, the Jersey team consists largely of top British big-boat sailors anxious to avoid the knife-fight of the selection process.

Graham Walker's crack *Indulgence* heads the Channel Islands' effort, with the interesting *Tram* in support. In her initial guise of an IOR one-tonner, *Tram* was better known as the King of Norway's yacht *From XV*, sunk so spectacularly last year by Barold Cadmore during the Admiral's Cup.

Also competing is a Welsh team. A trio of yachts, *Eagle*, *Integrity* and *Shogun*, that just missed the England call-up tried to register as England-B. RORC poiled the field but only England-A objected. So the owners scoured Welsh sailing clubs to make up a requisite 30 per cent crew on each boat of the appropriate nationality.

Sheep carried as ballast were ruled not to count.

COWES WEEK
As usual with Cowes Week, beginning on July 30, the sailing will be excellent while the onshore muddle continues. Unfortunately, good on-the-water organisation is expensive. Without sponsorship, entry fees for an average 32ft yacht might rise from around £250 to £750.

This year's fairy godmother seemed to have arrived in the form of the Japanese-owned Aquascutum clothing company.

But then at Easter, when the £100,000 sponsorship deal was close to completion, Aquascutum's advisers discovered that Cowes Combined Clubs had sold the Japanese rights in the name Cowes Week a decade ago.

Exit Aquascutum.

Lawyers began combing Greater Tokyo for the Mr Yamaguchi who owns the trademark purchased in perpetuity, it seems, for the princely sum of £1,000.

However, in the nick of time the taxpayer rode to the rescue. Medina borough council came up with a £100,000 financial package to support Cowes Week. MBC said in its announcement that the regatta brought in £6m to the island during the eight-day event, in a struggling local economy where 25 per cent of jobs depended on tourism.

Residents steeped in local government cynicism observed that since the council was shortly to disappear in a reorganisation that will bring a unitary authority to the Isle of Wight, the grant to the yachting might be seen as a last carefree fling with the chequebook by councillors who will not have to go back and face the electorate.

Motoring/Stuart Marshall

Topless in country lanes

For the past few summery weeks in south-east England, there have only been two kinds of car: those with air-conditioning or the others in which you feel sticky and uncomfortable, especially in motorway jams.

But what about convertibles, you ask. Certainly, they are an alternative, although I am not sure sitting in the sun for several hours at a time is a good idea. The rush of wind masks the heat and makes you forget the risks of over-exposure. For these reasons, convertibles are none too popular in really hot countries.

Still, I have to admit that driving topless through English lanes on a moderately hot day can be very pleasant.

You savour the smells of the countryside (well, some of them; others are best avoided) and feel more in touch with your surroundings. Just remember to cover your head and use sun block on bare arms.

Not for years has there been such a wide choice of convertibles at prices ranging from modest to mind-blowing. It depends if your fancy is the Fiat Punto 90 ELX Cabrio, just arrived in British showrooms at £12,995, or a £166,681 Rolls-Royce Corniche IV.

Like the Punto 55 hatchback (this column, July 4), the Cabrio scored a hit with me. For a car that opens, the body feels reassuringly stiff on less-than-perfect roads. Dropping one wheel into a pot-hole makes the fascia creak momentarily and the side windows tremble, but no more than it would in any other car lacking a steel roof. At all other times, it is agreeably taut.

Windscreen pillars with strong reinforcing enable the Cabrio to pass the US test which assesses the ability of cars to protect their occupants should they roll over - even

though the test is not yet compulsory for soft-tops in that country.

Remarkably, for such an affordable car, the Cabrio has a power-operated hood. Undo two clips at the top of the windscreen, make sure the handbrake is on, press a button and the hood folds into the rear deck.

Not for years has there been such a wide choice of convertibles

It does not lie quite flat - as it does in the delicious but far costlier (£17,700) Peugeot 306 convertible - but an easily-attached loose cover, which lives in the rather poky little boot, makes an open Cabrio look neat. The rear seats are habitable by two average adults.

The Cabrio is not just a fair-weather car, either: the three-layer hood fits snugly when up, although the flexible rear window has no demister.

But it is not quite as light inside as a larger-windowed three-door Punto hatchback.

Power steering, engine immobiliser, fuel-flow stop valve and electric front windows are standard. Radio controls are built into the steering wheel, unless you decide to have a driver's-side airbag as an optional extra.

The 1.6-litre, 88-horsepower engine is new and will be appearing in other Fiats in due course. Already, it meets European Union emission requirements that will not come into force for several years. It pulls hard at low revolutions or spins freely up to a boy racer's red-lined 6,500rpm.

The five-speed gearbox shifts easily and the Cabrio feels quite lively. Fiat claims a top speed of 105mph (170kph) and says a kilometre is covered in 34 seconds from a standing start. Fuel consumption should be 53mpg (8.56 l/100km).

Two other versions of the Punto that also are new to Britain are the 55 EL six-speed and the 60 SX Selecta. The Selecta has a continuously variable transmission which provides the easy driving bene-



Fiat's Punto 90 ELX Cabrio. It has a power-operated top and power-assisted steering - but bald headed drivers must buy their own hat or sun block

fits of a conventional automatic without its cost and complication. Price: £8,449.

As for the six-speed 55, it is really an Italian market special. There, newly-qualified drivers are, very sensibly,

restricted to cars with a low power-to-weight ratio. The idea of the 55 EL six-speed is that it allows them to stir the gear lever and indulge their fantasies without breaking laws or going too quickly.

There is no such law in Britain, although the insurance industry exerts a moderating influence. But I did not much like the 55 EL, not least because it is geared lower in sixth than the normal 55 in

fifth. Unless you have a fixation about gear levers, my advice would be to go for a standard 55 S at £6,790. That would save you £539 - and a lot of unnecessary gear shifting.

MOTORS

Massop Lexus Expertise best hand the luxury of the Lexus range. Discover the luxury of Lexus at Lexus. Tel: 081 450 0015

JEMCA London's Largest Dealership Tel: 081 450 0015

London 071-629 8171
20 Hanover Square, London W1R 0AH

EAST SUSSEX. BURNWASH. Charming Grade II period house in "Kipling's" village with southern views over the Duddell Valley. Hall, 2 Reception, Inner Hall, Cloak/Laundry, Kt. Colic. 3/4 Beds. Bathrm. Garage. "College" Garden. Region £160-£180K. **BATCHELLER AND THACKER** Tel (0424) 775577 Fax (0424) 775227

GA General Accident
Property Services
(0763 241666)

15 Half Moon St, London W1Y 8AT Tel: 071-499 4785

三、

PROPERTY

When home is just a short iron away

So golf is your religion and heaven is living near your local course? Gerald Cadogan examines the possibilities

Keen golfers moving house always want to know about the nearest course and how good it is. It follows that the best way to find out is for them to take their clubs and play 18 holes - as an essential part of househunting.

As they watch the 123rd Open championship at Turnberry in south-west Scotland this weekend, they can dream of owning a house within a chipping wedge of any of the venues where the Open is played. Or any course, for that matter.

A more costly option is actually to buy a working course, or acquire a greenfield site with planning permission for a course and develop it. Those with real money might even like to buy a house with its own private course.

Agent Roger Pryor, of Strutt &

Parker, says the market for working courses has stabilised following the property boom of 1988-89 and the subsequent fall.

As for new courses, planning applications in the south-east were, by 1993, more than 60 per cent down from their peak in 1990-91 - but 45 per cent of these were granted, compared with 25 per cent in 1991.

The change has come about because land-owners, developers and local planners have become stricter in assessing the earnings potential of a course and its impact on the community and environment. The banks, which lost large amounts in funding grandiose schemes, are more circumspect too.

Today, planning permission for a golf course does not provide an automatic premium over agricultural value, says Jim Bryant, of Bidwells' leisure team. Gone are the 1988-89 days of £15,000 an acre.

Pryor agrees. Only prime sites are likely to achieve a top premium of £1,000 an acre - which equates to a total price per acre of about £3,000.

That sort of figure is reflected in the £350,000 being asked by Savills of Banbury for a 121-acre site with planning for an 18-hole pay-and-play course at Cadmore End, near High Wycombe in Buckinghamshire. It is close to the M40, and 630,000 people live within 30 minutes' drive. A pay-and-play alternative nearby has a long waiting list, and Wycombe district council accepts there is continuing demand.

Strutt & Parker estimates that, at the end of 1993, there was an 18-hole course for every 15,522 people in south-east England (of those with planning consent are included). This is half the pre-1989 ratio of one existing course for every 31,555 people but, says the agent, not all the consents will be taken up.

County ratios vary widely. Oxfordshire offers one course for every 21,267 people, Buckinghamshire 1:10,280 and Surrey 1:9,550 (using the total of existing and agreed courses).

Developing a greenfield site can cost up to £1m, depending on the design and terrain. But it could be two years before members join and the cash starts to come in.

At Cadmore End, the estimate for development costs is between £800,000 and £750,000 (to include a 4,000 sq ft clubhouse). In the first full year, the agent expects 35,000 rounds at, say, £10 apiece on weekdays and £15 at the weekend, plus club fees for 850 members. (At many courses, non-members can pay well over £20 a round.)

For two similar sites - beside the A27 at Lancing in West Sussex, and at Welton near Lincoln - Clegg Kennedy Drew is waiting for buyers to suggest a price. In Devon, though, a site on the Kingsbridge estuary - now a farm with a five-bedroom house - is on offer through Stags at £395,000.

According to Tom Marriott, of Humberts' Leisure, pay-and-play courses and commercial clubs are taking over from the traditional private member clubs. Ten years ago, they made up only 10-20 per cent of all courses; now, Marriott estimates,

they total 30-40 per cent. He says most courses appear to be trading reasonably; only a few are put on the market by receivers.

If the course operates on a leasehold - as many do - the ground rent and its review date are important factors for potential buyers (£200-£400 an acre is the figure now, says Bryant). One working leasehold course, on offer from Humberts or the Glasgow agent Ryden, is Brunston Castle near Turnberry. It was designed by Donald Steel around the Water of Girvan that flows through the middle, with space for houses, chalets and a hotel. Offers of more than £1m are invited.

For £900,000, Humberts is also selling the Mid-Dorset club in lovely downlands at Blandford Forum (its thatched farmhouse is extra) and with Strutt & Parker is asking £1.75m for Woodbury Park near Exeter, with 27 holes. Designed by

Hamilton Stuart, of Turnberry fame, it has been working on a pay-and-play basis and still awaits a proper clubhouse - perhaps even a hotel. So you would like a house adjoining a fairway? One such is Little Mingary, by the 15th at Worpleston in Surrey (Browns, £400,000). Then there is Gullane (from Rettie, offers over £265,000) by the 1st at the famous Muirfield course outside Edinburgh which celebrated its 250th anniversary last weekend.

A little further north are an apartment at Glen-eagles, site of the recent Scottish Open (Bidwells, £180,000), and Broomfield, a substantial Edwardian house on Golf Course Road leading to the Rosemount course in Perthshire (Savills in Brechin, offers over £390,000). Chutons in Ayr has a few houses well placed for the Turnberry, West Kilbride and Royal Troon courses at

prices from £26,000 to £250,000 - quite cheap by southern standards.

In Surrey, apartments for sale between £190,000 and £250,000 on the Pyrford course include lifetime membership of the club. Churchods is the agent. John D. Wood offers two houses in Coombe Park, Kingston upon Thames, beside the Coombe Hill course, for £535,000 or £850,000.

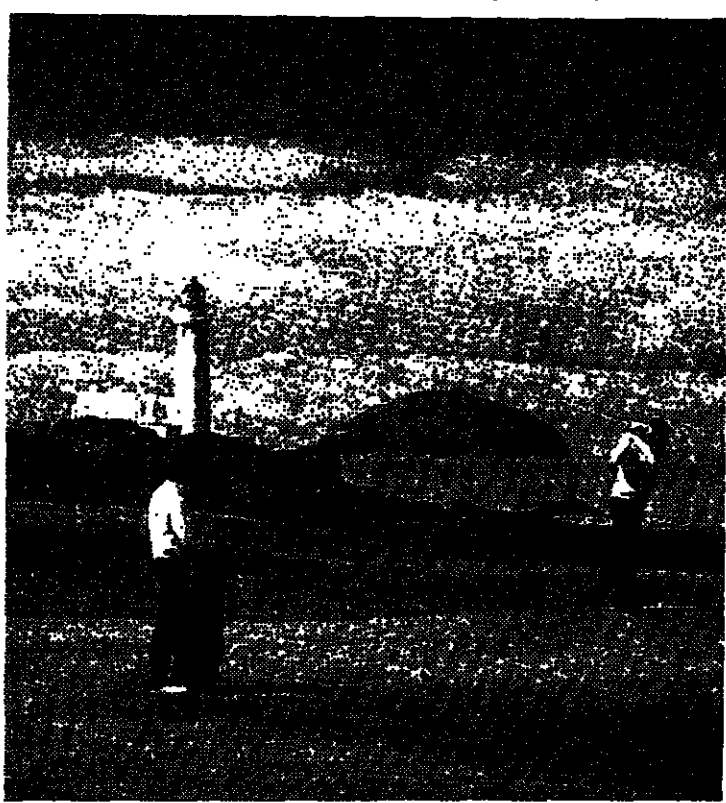
The ultimate must be a course of your own, as at Sundial House near Farnham, Surrey. Apart from its nine holes, the owners have built a go-kart track in 13.5 acres. Offers over £800,000 are sought (down from over £900,000) through Hamptons or Knight Frank & Rutley. Another with its own course is Great Swifts at Cranbrook, Kent, a 1930s Georgian-style mansion for which Lane Fox set a guide price of £950,000. Offers came in at more than £1m. Finally, an agent near Turnberry said this week: "The whole of south

Ayrshire is off on holiday." That is because householders who are prepared to surrender their four-bedroom homes to Open competitors or fans can demand £2,000-£3,000 for a nine-day let. And if the house is really big, they can charge well over £1,000 a day.

Bidwells, Perth (0733-630 666); **Browns, Guildford** (0433-311 661); **Clegg Kennedy Drew, London** (071-409 1944) and **Stanford** (0780-527 88); **Chutons, Ayr** (0292-268 181); **Churchods, West Byfleet** (0332-350 011); **Hamptons, Farnham** (0252-714 164); **Humberts Leisure, London** (071-629 6700); **Knight Frank & Rutley, Guildford** (0433-651 711); **Rettie, Edinburgh** (031-220 4160); **Ryden, Glasgow** (041-204 3838); **Savills, Banbury** (0295-363 535) and **Brechin** (0256-622 197); **Stags, Tames** (0893-855 454); **Strutt & Parker, Exeter** (0392-215 631); **John D. Wood, Wimbledon** (081-944 7172).



For £300,000-plus: Broomfield, a substantial Victorian house near the Rosemount course in Perthshire



Where everyone is on holiday: Turnberry, venue of this weekend's Open

COUNTRY PROPERTY

Rettie & Co
Roxburghshire by Melrose
An attractive south facing Georgian house in the Tweed Valley. Hall, 4 Reception Rooms, Kitchen, Master Bedroom with Ensuite Dressing Room and Bathroom, 5 Bedrooms, 2 Bathrooms, 2 Bedroom Gate Lodge, Stable Block, Garage.
Tennis Court, Swimming Pool, 2 Paddocks.
In all about 8 1/2 Acres
Offers Over £410,000

Peckshire, Innerleithen About 13 Acres
Victorian Shooting Lodge
Recently refurbished and restored 5 reception rooms, 7 bedrooms, and usual ancillary accommodation. Courtyard, flat, coachhouse with stables, parkland.
Walled Garden
Share of development potential, subject to planning, comprising 5 houses and 2 guesthouses.
Offered for sale is a 40% share of the whole at:
Offers over £200,000

Roxburghshire Kelso
An imposing Georgian townhouse situated in its own private grounds with spacious family accommodation on four floors. Accommodation comprises:
3 Reception Rooms, Kitchen, Pantry, Cloakroom, 8 Bedrooms, Bathroom, Shower Room, 2 Offices, Storage Room of Out-buildings, Garage, Private Gardens.
Offers Over £210,000

Edinburgh Residential Investments
A selection of 2 to 5 bedroom flats in the New Town area for sale from £80,000. Ideal investment opportunities. For further information:
2 India Street, Edinburgh, EH3 6EZ
Tel: 031 220 4180, Fax: 031 220 4159

DIRECT BEACH FRONTAGE
SANDBANKS PENINSULA, POOLE

Spacious New Luxury Houses with Panoramic Sea and Harbour Views
Lounge, Dining Room, 3/5 Bedrooms, 3 Bath/Shower Rooms, Cloakroom, Fully-fitted Kitchen. Private Sun Patios and Balconies. Double Garage.
ONLY FOUR REMAINING
EXCEPTIONAL VALUE
FROM £249,500 - FREEHOLD

Details available from:
NORRIS & OWEN
Tel: 0202 708528
Fax: 0202 700182
GLEN ACRES LTD
Tel: 081 349 1991
Fax: 081 346 9687

LAND FOR SALE
On the Instructions of MFL Developments Ltd.
BRIXHAM MARINA VILLAGE
A spectacular Harbour-side DEVELOPMENT SITE
FOR SALE with consent for
35 Houses, 6 Flats & 6 Shops
WAYCOTTS, 5 FLEET STREET, TORQUAY
TEL: 03803/212531

Lane Fox
GLOUCESTERSHIRE
Outskirts of Cirencester
A SUBSTANTIAL COTSWOLD HOUSE
In mature gardens and grounds
Consent for change of use and extension to 70-bedroom Hotel.
Planning also applied for 70-bedroom Nursing Home.
ABOUT 5 ACRES
Lane Fox: 0285 653101

HANTS - NR SELBORNE
3.25 acre site
in rural surroundings.
Outline consent granted for 1 quality house.
Very rare opportunity.
Price Guide: £250,000
Haslemere Office:
0428 661077

WIMBORNE, SURREY Nr. Golf Course, 4 bed., 3 baths, 4 recep., 1.1 acre with lake, 180000 or 20K p.m. Amd. now. Tel: 081 908 9456 (after hrs) Fax: 0704 872255 (Eve).

Charles Lear & Company
CHARLTON KINGS, CHELTENHAM
In one of Cheltenham premier residential districts. This is a substantial detached gentleman's residence with a high degree of security and privacy. Reception hall, drawing room, dining room, kitchen/breakfast room, 516 bedrooms, 3 bathrooms, (inc. 2 en suite), gas C.H., indoor pool complex, double garage, landscaped gardens and grounds with stream, in all about 1.5 acres.
PRICE £445,000 FREEHOLD

SUMMER AUCTION
LOT 1: THE WALLED GARDEN AND BUTT, UPPER SLAUGHTER, NEAR STOW-ON-TRE-WOLD.
A unique walled garden with planning consent quickly situated in a mature headwood. The planning consent allows for a property of approximately 3600 sq. ft. The overall plot amounts to about 1 1/2 acres, stocked with a number of unusual ornamental trees and shrubs.
PRICE GUIDE: £125,000 TO £150,000 FREEHOLD
101 THE PROMENADE, CHELTENHAM, GLOUCESTERSHIRE GL50 1NW
Tel: (0242) 223732 Fax: (0242) 223855

LONDON PROPERTY

DTZ Debenham Thorpe
Fountain House
Park Street
Mayfair
A fourth floor apartment situated in this prestigious residential building. Entrance Hall, Reception Room, Kitchen, 2 Bedrooms, 2 Bathrooms (1 En-Suite).
24 Hour Portage, Passenger Lift.
Lease: 107 years £425,000
MAYFAIR OFFICE: 071 408 1161

BROOK GREEN, W 5 bed Victorian house overlooking beautiful Brook Green. Sale instruction: £465,000 P.M. BARNARD MARCUS 071 608 1284

CLEGG KENNEDY DREW
LAND AGENTS AND CONSULTANT SURVEYORS
WEST SUSSEX
Lancing, Worthing 4 miles, Brighton 11 miles
GOLF SITE FOR SALE APPROX 140 ACRES
Population of over 300,000 within 14 miles
Allocated in the Local District plan for an 18 hole 'pay-as-you-play' golf course, club house and parking.
Apply: Clegg Kennedy Drew
19 Queen Street, Mayfair, London W1X 7PJ
Fax: 071-409 1944
071 409 1944

Charles Lear & Company
CHARLTON KINGS, CHELTENHAM
In one of Cheltenham premier residential districts. This is a substantial detached gentleman's residence with a high degree of security and privacy. Reception hall, drawing room, dining room, kitchen/breakfast room, 516 bedrooms, 3 bathrooms, (inc. 2 en suite), gas C.H., indoor pool complex, double garage, landscaped gardens and grounds with stream, in all about 1.5 acres.
PRICE £445,000 FREEHOLD

LONDON PROPERTY

DTZ Debenham Thorpe
Fountain House
Park Street
Mayfair
A fourth floor apartment situated in this prestigious residential building. Entrance Hall, Reception Room, Kitchen, 2 Bedrooms, 2 Bathrooms (1 En-Suite).
24 Hour Portage, Passenger Lift.
Lease: 107 years £425,000
MAYFAIR OFFICE: 071 408 1161

BROOK GREEN, W 5 bed Victorian house overlooking beautiful Brook Green. Sale instruction: £465,000 P.M. BARNARD MARCUS 071 608 1284

MONTE-CARLO LE GRAND LARGE
Superb 2/3 bedroom apartment for sale.
176 sq. m. entirely decorated, lovely terrace, jacuzzi, sea view, 2 storage rooms and 2 parking spaces (R15).
AGED
79 Bd des Moulins MC 98000 Monaco
Tel: 33-92 165 989 Fax: 33-93 501 942

SANDS POINT
16 min from NYC
TOWN & COUNTRY PANORAMIC WATERVIEWS
A beautiful recent, finished custom built beachfront property with 2 1/2 acres of water views. 2 (plus 3) bedrooms, 3 baths, gourmet kitchen, full breakfast room, a perfect home for you & your family to enjoy in this exclusive waterfront community.
\$1,650,000
Tel: 516-883-5280 (USA)
Savoy Realty North Shore Inc. 0215 315 715

WORLD OF PROPERTY MAGAZINE
The best & biggest.
For your
FREE COPY
Tel: 081 542 9088
Fax: 081 542 2737

MORTGAGES

Now from Fidelity
A tax-free way to pay off your mortgage.
For details, ring 0800 414771 or talk to your Independent Financial Adviser.
YOUR MORTGAGE AS AT 31/03/94 IS YOUR ONLY SOURCE OF INDEPENDENT ADVICE ON A MORTGAGE OR OTHER FINANCIAL DECISIONS.

YOUR MORTGAGE AS AT 31/03/94 IS YOUR ONLY SOURCE OF INDEPENDENT ADVICE ON A MORTGAGE OR OTHER FINANCIAL DECISIONS.

SWITZERLAND
Lake Geneva & Mountain resorts
The best of both worlds. An apartment in a beautiful villa, overlooking the lake, with a view of the Alps. 2 bedrooms, 2 bathrooms, 2 balconies, 2 terraces, 2 parking spaces, 2 storage rooms, 2 garages, 2 swimming pools, 2 tennis courts, 2 golf courses, 2 ski lifts, 2 cable cars, 2 ski schools, 2 ski rental shops, 2 ski storage lockers, 2 ski equipment hire shops, 2 ski lift tickets, 2 ski passes, 2 ski maps, 2 ski guides, 2 ski instructors, 2 ski doctors, 2 ski nurses, 2 ski therapists, 2 ski physiotherapists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors, 2 ski osteopaths, 2 ski dentists, 2 ski opticians, 2 ski pharmacists, 2 ski veterinarians, 2 ski lawyers, 2 ski accountants, 2 ski auditors, 2 ski engineers, 2 ski architects, 2 ski interior designers, 2 ski landscape architects, 2 ski gardeners, 2 ski florists, 2 ski hairdressers, 2 ski beauticians, 2 ski manicurists, 2 ski pedicurists, 2 ski massage therapists, 2 ski acupuncturists, 2 ski chiropractors

OUTDOORS

Beekkeeping/Gerry Northam

Fagin and his raiders

This is the time of year when I start to feel like Fagin, sending my young apprentices on raids all over town, and rubbing my hands as they return to the den with their spoils.

The hives are filling up with honey as my thousands upon thousands of little Artful Dodgers and Olivia Twists fly back and forth across a three-mile radius sucking nectar from flowers and race back to share it (if unwittingly) with me.

The speed with which they work is breathtaking. Three weeks ago, before the main nectar flow, I added a light-weight cedar box to the top storey of each hive, filled with empty frames to hold the honeycomb.

Today, I find it a struggle to lift, weighed down as it is with the dense pale honies from various flowers which have been crammed into it.

They are fairly well mixed, but you can find pockets of particular flavours, the best of them, to my taste, being the delicate nutty sweetness of the hawthorn.

The making of honeycomb is as fascinating as the filling of it and is proving particularly poignant to watch this year against the backdrop of a nine-acre building site which we now overlook from our garden.

Huge stores of stone, wood and tile have been trucked on to the former school grounds, while inside the hives, with no fuss, no materials and no machinery, the bees are building too.

Beginning with the empty wooden frames, the apian workers first find a true vertical by making a plumb-line of their own bodies.

They have had an instinct for doing this in holes and hollow trees for millions of years. Twenty or so of them hang in a chain holding leg to leg while the wax-makers and labourers move in to begin construction.

Cell by cell the hexagonal structure is created in symme-

try, on either side like a mirror-image until it perfectly fills the frame, each cell smoothed and polished just a fraction longer than a worker bee and built sloping upwards at a few degrees to the horizontal to keep the honey from dripping out.

For added strength, the pattern of cells is offset so that the centres of the hexagons on one side key the corners on the other.

Using nothing but their own secretions, the workers build enough comb in a week to hold 35lbs of honey - many times their total body weight.

As a collective display of skill, it must rival building Manhattan out of your own eyelashes. The bees approach this project with such dedication that it is usually safe to lift the roof to watch them at work and wonder how each tiny brain can possibly hold so much instinct.

They do not disturb easily, since time is short in the weeks of the honey-flow and the colony's survival in the coming year will depend on building sufficient stores. The mood of their energetic buzzing is now diligent rather than aggressive.

If they do seem tetchy on first opening the hive, it may mean that they are agitated about running short of space to build yet more honeycomb, which they recognise as a dangerous condition. The wise apiarist will take care to recognise this too, before rioting breaks out.

Once filled, each hexagonal cell is capped with a thin air-tight lid of wax to preserve the honey for the winter.

But it is at this moment that Fagin robs his own apprentices of their bounty.

There are reports of sealed honey lasting for years - even centuries - in perfect condition.

I rely on printed wisdom for that, since in our house we are lucky if a piece of honeycomb lasts a week before it is perfectly gone.

Every year, I vow to go to look, not to shop, and I end up lop-sided with bags of plants. Last weekend, the crowds poured into the Hampton Court Flower Show, marvellous rubbish was changing hands in the craft village, wooden trellis was being booked up by the 100 metres; after two hours, most of us thought of joining the stand called Glazed Additions because it matched the look on our faces.

Remember that the British like shopping somewhere other than the high street. At horse shows, they want to buy suede and leather; at dog shows, I have seen them buying carpet; at flower shows, they will buy anything in frames or blue and white number-plates to give a French look to the front of the house.

Hampton Court strives hard to show flowers under canvas and, this year, the sweet peas, half-hardy perennials and the border plants from Bressingham were up to Chelsea standards. But if anyone thinks that it is the new Chelsea of the future, they are horticulturally impoverished.

There were some brave exceptions but the sponsored theme tent for international gardens led to the inevitable attempt to do too much in a too small, publicity-centred space: how could anyone believe that they were being shown the essential art of Italy and its great former garden at La Mortola in a confined space under canvas, even allowing for the awkward fact that its Italian committee of university inheritors are widely agreed to have ruined the style of La Mortola and its English origins anyway?

The Royal Horticultural Society has taken the Hampton show under its care after previous confusions in the partnership with Network SouthEast. The nursery exhibits seldom have the scale or combined impact of Chelsea's main tent and the outdoor gardens are on the lower end of Chelsea's very low scale.

The supreme distinction of Hampton Court is the scope for shopping. I fear that it may dent Chelsea - but only because it occupies different ground. Once you allow the public to shop on it, they will career downmarket like Gadarene swine. As Gadarene as the best of them, I think I have avoided pigs in a poke.



The sky-blue Gloire de Versailles Ceanothus will grow anywhere on well-drained soil

Where have all the shops gone?

... gone to flower shows every one. When will they ever learn? asks Robin Lane Fox

The fact is that after five years of bagging and buying at Hampton Court, my garden wears a new look. It is at this show that I really appreciate the strength of the new Alstroemerias, which have been steadily produced by Peter Smith, of Chauncybury Nurseries, Ashington, West Sussex. This weekend sees their lesser relations, the old Peruvian lilies and Ligustrum, just ending their handsome

season of flower. Peter Smith's new varieties will continue for months and some of the best are unarguably hardy. There is no disputing the strength and hardiness of the Little Princesses, which flower at a height of about a foot, last for weeks and have the exquisite markings which you find on their cousins in florists' shops.

Many gardeners rightly hate novelties and mini-plants but I do urge you to try these splendid innovations where you have a sunny bed and a light, open soil. They are extremely easy, although they disappear below ground in late autumn. I doubt if half-hearted gardeners could kill them.

Dodging the conservatories and wrought iron, I always head for the conservation tent, where the plants are more unusual and the crowds are less frantic. Here, too, I have struck gold.

The best exhibits are backed by the National Conservation of Plants and Gardens Collection, which aims to conserve a wide range of varieties in major families of use to the gardener. This year's exhibit of the new Day Lilies made me wonder whether anyone will

conserve most of them in 50 years.

Much of the breeding seems to be stuck with the search for ever-better colours and smaller stems: the orange-yellow Stella D'Oro has turned out to be a shocker, as many of us verified when walking past the rather dreary plantings in the gardens of Hampton Court Palace itself.

However, the pale yellow Giant Moon has real class and I am glad of its cool colour and vigour in the front to middle row of a border. I made positive notes on Michelle Coe, a tall, pale peach, and Chicago Picotee Pride, both of which are in softer colours than many of the newest breaks.

The moral of all this study is that we should never risk buying a new Day Lily blind: the strength of colouring can be most misleading. The effort to find the best is worthwhile because these plants really do block out weeds and last for years without attention.

I rank them second only to my essential answer to gardening without effort in shade or any difficult soil: the matchless Geranium endressii.

Hampton Court has also

alerted me to a new trick: the special merit of the new Wageningen variety, the flowers of which are a particularly clear and strong pink. If you have a choice, opt for it first.

At Hampton, I feel more in the mood for Ceanothus than at Chelsea, when their season is not far advanced. Specialists allow us to compare a wide range, some of them new from west America or the Antipodes. They are also prepared to discuss the difficult question of hardiness, the fact which rules out most of the best.

I return to the strong blue of Concha and also Edinburgh, neither of which is entirely trustworthy in a serious winter. They grow so fast that they are worth a gamble anywhere but I continue to be most thankful for one of the commonest forms.

The sky-blue Gloire de Versailles will grow anywhere on well-drained soil. It is at its absolute best in big Hampshire gardens from this weekend onwards, where it stands among old roses as a tree shrub in its own right. It picks up the show this weekend when the roses are fading and, after four winters with me, it

has shown no serious loss. Each spring, pruning should be light. Impatient gardeners would love it as a filling between slower plants in a new garden wherever there is warmth and shelter.

Lastly, the return of an old favourite. Our grandfathers grew lots of the tall, lemon-yellow daisies of Anthemis Wargrave throughout their herbaceous borders, but the mad keen gardeners of the 1970s managed to lose most of the stock. Three years ago, I thought I had found it but it turned out to be the shorter, and more vivid, Anthemis EC Buxton, which has supplanted it in common nurseries. Did no one remember the height and paleness of the true daisies which were upheld in long plant-hoops in my early years?

At Hampton Court, the real Wargrave surfaced - alive and well at £3 a plant from Rushfields, of Ross Road, Ledbury, Herefordshire. Rushfields is expert at staging displays of the softer colours among border plants and last week it confirmed that Wargrave was still in good supply. I left Hampton Court reunited with this long-lost friend.

HAVE WE JUST FOUND YOUR WEEK SPOT?



Before you decide where next to cast your line, cast your mind to a Scottish setting as unique as it is idyllic. To a river of guaranteed water levels with such runs of salmon and sea trout that, contrary to trends elsewhere, the catch rate is impressive, and increasing. To a place of unspoilt beauty. Natural - Highland scenery at its best - ideal for the serious gamefisher.

To a variety of beats where the true sportsman cannot fail to respond to nature's challenge.

To a river so carefully husbanded that it is constantly monitored and maintained along its entire length, benefiting from far-sighted single ownership and investment.

To a place where the expert ghillies have a family bond with the banks and waters, that has lasted hundreds of years.

You have just discovered the River Beaulieu. It sounds like a dream, but it's a reality. A practical one, too. The River Beaulieu offers some of the

best fishing in Scotland, yet is only 20 minutes from Inverness.

For the privileged few we now have a number of rod weeks available for let or purchase. If you would like to enjoy and invest in superb fishing with surroundings and facilities to match, send for your brochure now, or ring us on 0948 85393. You won't be disappointed. In fact, we think you'll soon be hooked.

Please send the details of the letting or purchase of fishing rights on the Lower Beaulieu ☐ and the Upper Beaulieu ☐

Name
Address
Company (if a corporate member)
Daytime telephone number
Brookly Bank, Hampton Heath, Malpas, Cheshire SY14 8JT

FT167/94
RIVER BEAULIEU FISHINGS LTD

FT Ski Expedition/Arnie Wilson

Broken finger, broken vehicle

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They are now near the Chile-Argentina border.

As we swooped low over the smouldering furnace in the crater of the Villarica volcano, a huge swirling cloud of sulphurous smoke billowed towards us: our Cesna felt as vulnerable as a model aircraft made of balsa wood and glue. We circled the crater four or five times until, in a near trance-like state we seemed to be on the verge of being sucked into it. But Robert Stanton, our pilot, had flown over this volcano many times and was as cool as Biggles.

Stanton had flown south to meet us to deliver essential documents to enable us to cross the border from Chile into Argentina in the four-wheel-drive Lada vehicle we had borrowed from him. Before flying home, he offered to take us for a buzz over Villarica.

This was infinitely more exciting than experiencing the volcano on skis: like so many Chilean ski areas, Villarica's skiing was severely restricted by lack of snow.

Ski resorts in the Chilean Lake District receive considerable moisture in their snow from winds blowing across the lakes. Lift towers can become so encrusted with ice from freezing rain blowing in from Lake Villarica that the weight can bring them down.

The wind was especially violent during our last morning there: the door of the Lada hit my hand with such force that my middle finger is now in a splint, barely broken.

Ronald Turner, the general manager at the Club Esqui Andino in Antillanca, surveyed his resort and said: "These winds make it impossible to operate the lifts. This is rather a disastrous start to the season which is short enough at the best of times."

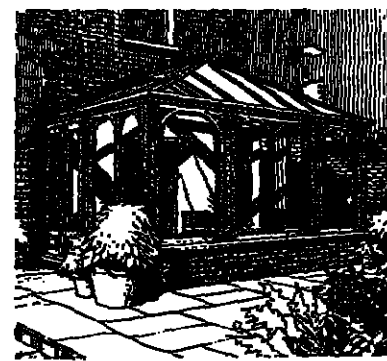
When at last the winds dropped we were able to ski Antillanca at will, floating, cruising and drifting down rippling gullies and around huge craters, marvelling at the most spectacular scenery we have seen in Chile so far: the bizarrely beautiful Puntagudo almost shoulder to shoulder with the Fuji-like Osorno volcano; and the triple-peaked Mount Tromador.

But our elation evaporated as our adopted vehicle broke down in the middle of the night in the wilderness. Fortunately, although we were miles from a village, we were close to a Chilean border post.

The border post is kept at the ready in case of tensions with Argentina, and horses are best suited to this mountain terrain. We had been rescued by the Chilean cavalry.

Being rescued on horseback would have been more dramatic, but the cavalry had transport to get the Financial Times expedition to safe quarters. To ponder how we were to cross into Argentina with a stricken Russian vehicle,

SAVE UP TO 20% IN THE AMDEGA SUMMER SALE



THIS ROMANESQUE CONSERVATORY WAS £6,244 NOW ONLY £4,995 (SUPPLY ONLY, EXCL. VAT)

The Amdega Sale has just started with tremendous price reductions. Many conservatories are reduced by up to 20%. There are also interest free credit schemes and a stock clearance at very low prices.

Call free on 0800 591523 for more details



AMDEGA
ESTABLISHED 1874

PERSPECTIVES

Lunch with the FT

The appeal of a celebrity lawyer

Christina Lamb meets Alan Dershowitz, controversial advocate to a string of famous clients

At first sight the Harvard restaurant in a small alley near Harvard University offers little of note beyond some colourful murals depicting a swirling mass of fruit and vegetables. Lunching there with Harvard law professor Alan Dershowitz, however, it takes on a whole new complexion.

Often described as America's most controversial lawyer, Dershowitz has handled a succession of high profile appeals for famous felons. His celebrity clients include junk-bond king Michael Milken, tax-evading New York hotelier Leona Helmsley, and former boxing champion Mike Tyson. And he brings all of them to lunch at the Harvard.

"This place holds a lot of memories," he told me. "I was here last week with Mia Farrow. I've eaten frequently with Claus von Bülow at that table over there and this one with Mike Milken."

Today he has arrived late and slightly breathless from working on the appeal to reduce Tyson's sentence. Full of energy in a nervous Woody Allenesque way, his mop of curly red hair and casual dress make him look younger than his 54 years and surprisingly undaunted for a ruthless superlawyer said to be capable of securing a suspended sentence for Jack the Ripper.

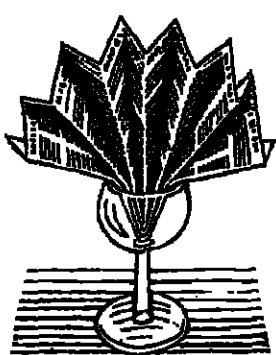
Though he describes himself as

an agnostic, he is so proud of his Jewish identity and Orthodox upbringing in Brooklyn that he wrote a best-selling book about it called *Chutzpah*. In his house he has a framed piece of barbed wire from Auschwitz as well as paintings from the Jewish ghetto, and he checks on the ingredients before ordering vegetable soup followed by anchovy tart with chicory and fennel salad.

"It's very difficult to get good kosher food around Harvard," he complains. "I got so fed up that I actually started my own deli. It was very popular among students but we were losing \$2 a sandwich so had to close down."

Fiendishly bright, it is surprising to learn that in his teenage years he was regarded as a troublemaker and academic failure. Having just squeaked into Brooklyn College, he discovered his true calling in law, going on to Yale where he graduated first in his class. At 26 he was appointed tenured professor at Harvard - the youngest in the Law School's history - and became an appellate lawyer because he says, "it fits in best with my teaching schedule."

His reputation as a lawyer of last resort began as defence for a series of controversial characters from porn stars to Soviet dissidents. In 1982 he hit the headlines after Claus von Bülow hired him to overturn a



30-year sentence imposed for trying to murder his wife Sunny with insulin injections. The call came on April Fools' Day and initially Dershowitz did not believe it was really von Bülow. Warning him: "I'm not a hired gun," he put together a team of his best students and secured a reversal of the conviction on a technicality. *Reversal of Fortune*, Dershowitz's book on the case, became a successful film.

It was seeing the movie that made Lori Milken decide that he was just the man to help her husband, former head of high yield securities for Drexel Burnham Lambert, who had been sentenced to 10 years after pleading guilty to violating federal security laws.

Dershowitz seems to relish being seen as the St Jude of legal lost causes. "It's a great challenge to be

the last stop before the gas chamber. The justice system is only as good as it is toward the worst person."

I ask if he deliberately chooses guilty clients. He replies: "Every lawyer prefers innocent clients but there are just not that many innocent guys around."

Does it make any difference whether they are guilty as to your chances of getting them off?

"It didn't use to. You could always get people off on a technicality or constitutional hitch. Now it's not so easy."

In one of his books he wrote about a recurring nightmare in which Josef Mengele asked him to be his lawyer. I ask if he would feel bad about getting a murderer let loose in society.

He smiles: "Court cases are not so black and white as portrayed on TV or in movies. In the Mike Tyson case the girl claims she got on top of him in order to escape. But she didn't say that at the time."

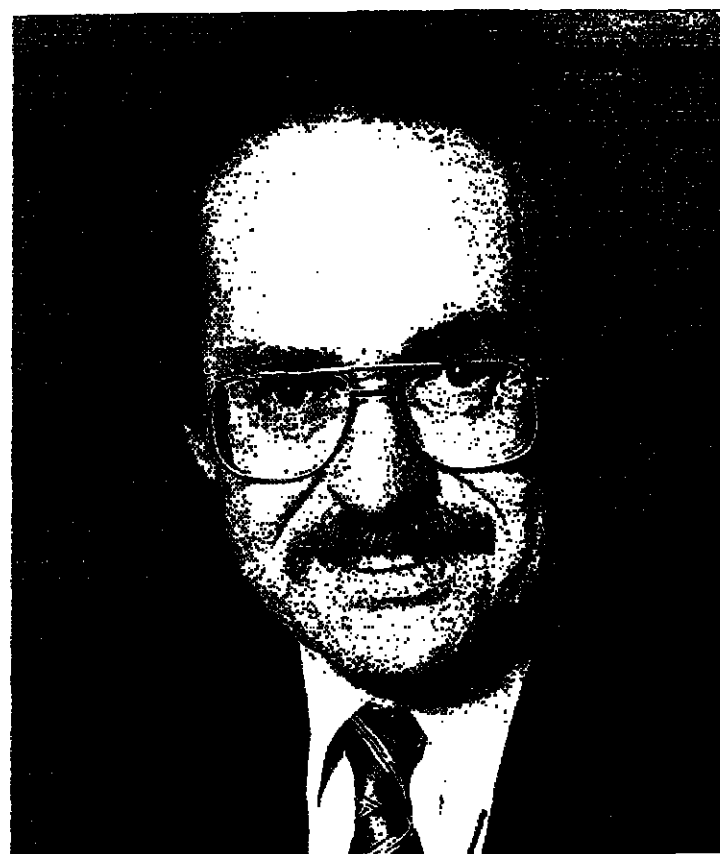
Surely, though, he must form an opinion about a client's innocence. "Yes, I do," he says, intriguingly. "Von Bülow I'm absolutely convinced is innocent. But you never know. I remember when we got some forensic evidence in his favour and I said to him 'Now I know you're innocent'. Claus smiled and said 'Alan, you don't know. Only two people in the world know

that - me and Sunny, and she's in a coma."

As Dershowitz makes no secret of his dislike of the Establishment, I wonder if he likes the people he represents. "Yes," he replies. "I'm close friends with von Bülow. Milken is really sweet." He does not feel the same about Leona Helmsley. "She's bitchy, and I use the word advisedly. But that's why I liked defending her. I felt she was being punished for how she is, like a female Donald Trump, qualities that in a man may have been admired."

Reward comes in the shape of fat fees - about \$450 an hour - much of which goes on his art collection. But Dershowitz claims his most gratifying case was that of Soviet dissident Anatoly Shcharansky, which he worked on unpaid for nine years to free him from prison. Why? "Our ancestors came from the same part of what is now Ukraine."

He gets hundreds of requests each week from potential clients. "Every case you see in the media comes across my desk," he says, "but I'm lucky because I have a full-time career as professor so can pick and choose. I try to do precedent-setting things which will be useful in class. I wanted Tyson because date rape is a cutting-edge issue. Along with abuse it's one of the least reported and most falsely reported crimes." Dershowitz has a new book about



Alan Dershowitz: "There are just not that many innocent guys around."

to be published - *The Abuse Excuse* - and he is completing a novel, *The Advocate's Devil*, as well as a sequel to *Chutzpah*. He says: "There's nothing I like better than sitting in my study writing and listening to opera, with Ella [his four-year-old daughter] playing on the floor."

He even has spare time, in which he is writing an opera. "My secretary calculates I write one million

words a year - all in felt tip." I ask if he is a publicity junkie. "I use it as a tool," he replies. "Usually, when I come into a case my clients are getting a very bad press, so I try to get them portrayed in a better light."

Some would say you are the one getting all the publicity. He laughs. "The one person I cannot defend is myself."

In the Weekend FT last month, Professor John Postgate posed the question: 'Religion: are we better off without it?' Here Hugh Dickinson, the Dean of Salisbury, gives his reply.

"The age-old dispute between science and religion has resurfaced. But science has the moral high ground." - Professor Postgate

The clarion call by Professor Postgate in defence of science sounds a bit like a nervous Roman legate warning his troops of impending rebellion by wild Germanic tribes across the Rhine. He pictures a rational scientific elite having to defend itself against repeated onslaughts of religious fanatics.

But is it really like that? This is not the first article in the FT by a contemporary scientist expressing a sense that "science" or scientists are somehow beleaguered or under threat, and to attribute that threat to the malign influence of "religion", specifically Christianity and Islam.

Postgate devotes much space to the fruitless game of balancing the profit and loss accounts of religion and science - a sort of tit-for-tat of "you've done nastier things than we have". The enterprise is naive and pointless unless he defines what he means by "science" and "religion".

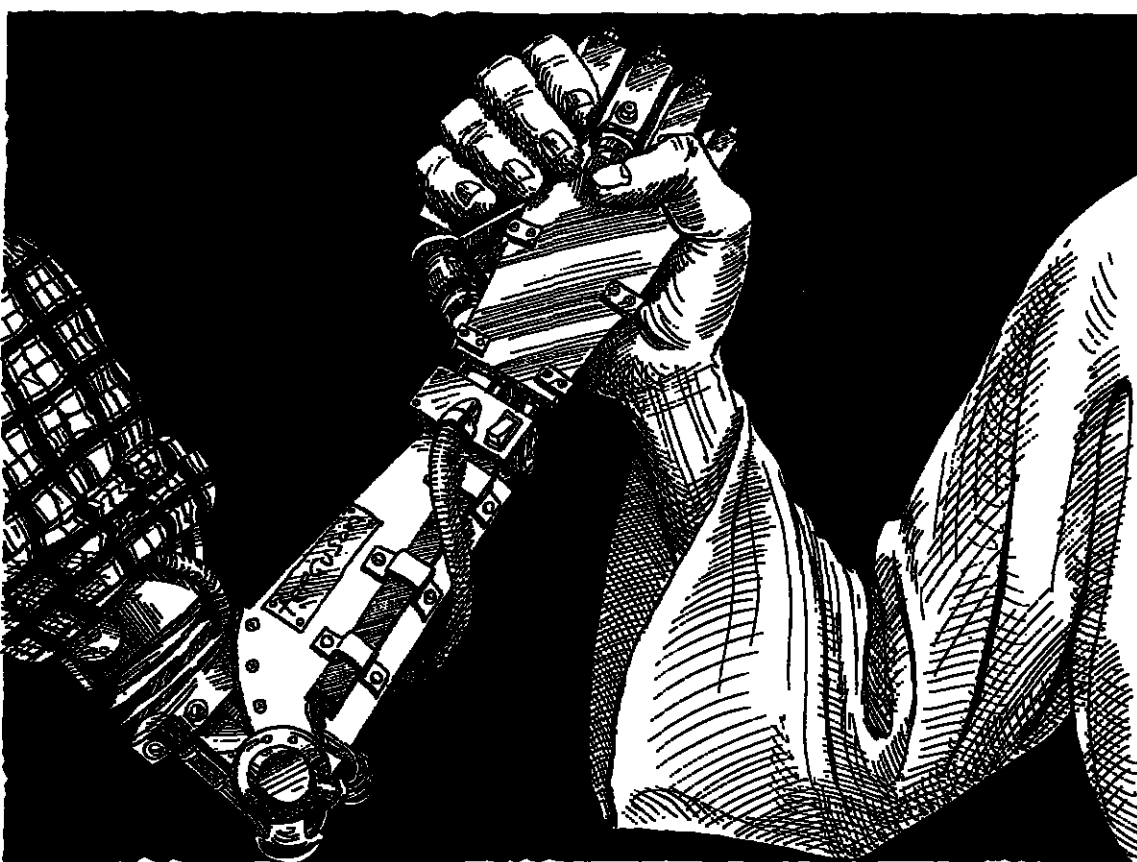
Both are complex, pluriform concepts, not single unitary entities. "Science" stretches all the way from the abstractions of theoretical physics through the Cern cyclotron, via molecular biology, keyhole surgery, ceramic saucers, and on to the hill farmer using the latest herbicide sold to him by the agri-chemical multinationals.

"Religion", likewise, stretches from human sacrifice in the Amazon basin through the sack of Constantinople, the prophet Mohammed, Giotto, George Herbert, Salisbury Cathedral, Francis of Assisi, Lord Shaftesbury and the Sermon on the Mount.

Both religion and science (in that general sense) do have dark episodes and great achievements; both have a history of terrible distortions. But unless religion is fundamentalist and science positivist and systematically reductionist, there is no necessary collision. It is cheap to accuse the many first-class scientists who also have deep religious conviction of keeping their minds in two water-tight compartments. The inuendo of intellectual dishonesty is inescapable.

Science and religion occupy different realms of discourse, each with its

The real reasons why science is under attack



distinctive appropriate language. Religion is about meanings, purposes and values; science about physical phenomena and their relationships. Religion is about the quality of things, people and experiences; science is about enumeration, measurement and quantity. The most profound human experiences cannot be measured or enumerated, and the integrity required for honest measurement is only one segment of a broad spectrum of moral imperatives needed by human society. Alone, it offers no special high ground.

But there are two issues raised by Postgate which are of real interest. Why is there a widespread distrust of "science"? And what kind of morality can "science" offer humanity?

The distrust of science is not generated by religion - it is far too widespread for fundamentalist hostility alone to account for it. Admittedly, there are fundamentalist groups in all religions whose authoritarian hold over their adherents is threatened by a modern understanding of the uni-

verse. But the unease about "science" is a deeply felt anxiety in secular society at large.

It arises from the fact that applied science is not value neutral - it has immense economic and political and environmental consequences. The public knows that "science" is an often ambivalent benefactor - like the Greeks bringing gifts, its contribution to the welfare of society is not always beneficial.

More sinister, who pays for science - who calls the tune? Scientists must be paid by someone. And too many have manifestly sold their objective independence to governments, multinational corporations or interest groups. They are happy to be called as witness on opposite sides of public inquiries - who are we to believe?

Of course, pure scientists are not like that - they are as pure as the driven snow. Except that, for the layman, it is hard to understand how one

generation's heresies become the orthodoxy of the next - plate tectonics, for example.

The trouble is that the general public does not see the pure scientist at work in his beautiful ivory laboratory of moral integrity - it sees the results down the line: the experiments on embryos, the extravagantly expensive high-tech surgery, the environmental consequences of Chernobyl, the genetic engineering, the astonishing array of lethal substances designed to kill or maim. It sees Hiroshima. And, quite simply, it is scared stiff because it feels the whole huge techno-scientific machine is out of control, and that the global environment is going to be damaged irreparably.

Of course, it is not fair. That is not what real science is about. I know that. You know that. But if Postgate is really wanting to know why science is under attack, it is more to do with the loss of butterflies from toxic spray than from fanatical Christians rejecting a scientific world view. I owe my life - twice - to modern medical sci-

ence. No complaints there.

More intriguing, to my mind, is the issue of moral superiority. Let us turn the question round. Can science offer humanity a moral code to live by? The scientific method of meticulous observation and controlled experiment, from which human factors are excluded as far as possible, does require qualities of integrity and truthfulness of a high order.

But science can never tell us the value of anything. What is the moral status of the human foetus? Is life sacred? Should we act with altruism? Why is Rembrandt so important? What has *King Lear* to tell us about the human condition? Why has Jesus of Nazareth won the hearts and lives of so many people? Why is it important to care for grossly handicapped children? Is eugenics as a political programme morally wrong?

All these questions, and many more like them, cannot be addressed by pure science - nor are Fellows of the Royal Society better qualified to address them than moral philosophers, historians or theologians. Yet, these are the kind of religious questions which we have to address if we are to set out to live the good life or create a humane society.

Science has often tried to dismiss these fundamental human issues by a systematic reductionism with an arrogance which itself has, in the past, been cause enough for an instinctive distrust in the non-scientific community. But it seems to me that more and more scientists are now open to a new awareness of the boundaries and limitations of their own discipline's contribution to human wisdom. There is nothing like a bit of chaos to teach us humility.

Science at its best is - or can be - the paragon of intellectual integrity proclaimed by Postgate. But religion also has its better aspects. Should not an objective scientist list and acknowledge them - and gladly? Is that not part of his moral integrity?

Would the extraordinary shift of power from the black majority in South Africa have taken place with such astonishing speed and calm if the Christian churches, and the values of reconciliation and multi-racial community which they preached, had not been a constant and pervasive influence in the leadership for 50 years? They, at least, would not have been better off without that moderating moral influence.

The backlash against science - where it really exists - is a genuinely worrying phenomenon. It is increasingly prone to mystical imaginings from a world of fantasy, science fiction and New Age gurus. But it must be equally worrying to the thoughtful Christian, for whom the rational pursuit of truth is just as important as it is for the FRS. And it is worth noting that some Fellows are also thoughtful Christians.

The Nature of Things

Let there be light

How do you make everyday materials give out light without heating them? Scientists have recently produced two new solutions in the form of plastics and silicon that glow when an electric voltage is applied.

Both have immense commercial potential. Light-emitting plastics could make paper-thin screens for televisions and computers. These would be far tougher and more adaptable than either the cathode ray tubes used for conventional televisions or the new generation of liquid crystal displays.

Light emission from silicon, the main material of electronic chips and the semiconductor industry, could lead the way to the super-fast optical processors that have been a dream of the computer industry for a long time. Such devices, running on photons (pulses of light), would be much more efficient and compact than the present generation of computers which use electrons (pulses of electricity) to process data.

UK researchers have played a leading part in both advances. Leigh Canham and colleagues at the Defence Research Agency, Malvern, discovered how to make silicon glow. Richard Friend, Andrew Holmes and other scientists at Cambridge University have led the development of light-emitting plastics.

Both groups have taken out strong patent protection, and the Cambridge scientists have set up a company, Cambridge Display Technology. If the discoveries live up to expectation, they will bring in significant royalty income; but there seems little chance that what remains of the UK electronics industry will be able to make either plastic displays or optical computers on a large scale for world markets.

The common factor behind the two developments is a new understanding of the way electrons behave on what scientists call the nano-scale. (Its name comes from the nanometre, a unit of length, equal to a millionth of a metre.) The trick is to construct special conditions under which electrons release energy as light, rather than the usual heat.

Leigh Canham's process for making light-emitting silicon is deceptively simple. He treats a conventional silicon wafer, used for making chips, with highly corrosive hydrofluoric acid. This eats away more than 80 per cent of the material.

The porous silicon sponge left behind is, in effect, a web of extremely fine silicon wires, each 70,000 times thinner than a human hair. When electricity passes through such thin wires, some of the electrons lose energy by emitting visible light. The colour of the radiation varies with the thickness of the silicon.

Canham explains: "The conventional semiconductor industry uses lithographic equipment costing millions of pounds. Our structures can be made in a bucket. It is really cheap and fast to process sil-

icon wafers in this way." Even so, there are several essential production tricks - for example, how to prevent the silicon sponge collapsing as the acid dries - which would not be obvious to an initiator with a bucket of hydrofluoric acid. Until now, researchers have had to use more complex and expensive materials, such as gallium arsenide, as light sources for experiments in optical computing. If silicon itself can give off light reliably - and, despite the progress so far, this has yet to be proved - then the outlook for optoelectronics will be far brighter.

Although optical computers are, potentially, the most important application, Canham says light-emitting silicon could also lead to a new display technology, particularly for high-resolution screens connected directly to silicon circuitry. It could then be competing with the new light-emitting plastics.

These are a development from the electrically conducting plastics discovered in the

Clive Cookson reports on a British breakthrough

1970s. When you apply a voltage to ordinary plastics, nothing happens. But they can carry electricity like a metal if they have a special molecular structure in which mobile electrons can run along the long polymer chains.

The Cambridge group first achieved light emission in 1990 by sandwiching a conducting plastic, PPV, between oppositely charged electrodes. The positive terminal removes electrons - which is equivalent to pumping positively charged "holes" into the plastic. When electrons from the negative electrode fall into these holes, they give off energy in the form of photons.

Over the past four years, the Cambridge scientists and their main competitors at the University of California have manipulated the structure of their light-emitting plastics to improve their efficiency - now at 4 per cent, compared with 10 per cent for an ordinary light bulb - and tune their wave-lengths to give a range of colours. The main problem still to overcome is that PPV and its derivatives break down and stop glowing with long-term use.

Although the scientists do not understand fully the reasons for this instability, they are confident it can be overcome. And just as porous silicon could encroach on the main potential market for plastics - displays - the converse is also possible. If the plastics can be made compatible with integrated circuits, they will be potential light sources for optical computers.

So, a photo-finish is likely early next century in the race between light-emitting silicon and plastic to achieve large-scale commercial production.

As They Say in Europe / James Morgan

Faking a grand occasion

There are many kinds of foreign correspondent. There are those who say, in effect: "Dreadful things go on here but I'm going to do my best to tell the story straight." Such people, those who divorce themselves from their own prejudices, were found in Johannesburg yesterday and are in Beijing today.

Then, there are those who try to convince their readers that their patch is not only important but also diverting, however harsh and unattractive it might seem - Moscow or Tokyo for example.

Another group, which I call the "Paris Club", attempts to combat long-held prejudices back home. Its members recount, all too often, how well the French do things ("The metro runs on time" is a favoured theme). In Bonn, meanwhile, the foreign press corps does its best to make Germany exciting - and usually fails.

Which brings us to the

Frankfurter Allgemeine's man in Rome, Heinz-Joachim Fischer. He has the most envied job among German foreign correspondents.

Italy provides the nearest thing to the German idea of paradise on earth. Fischer, however, rarely succumbs to the country's charms and, in fact, finds it rather objectionable. But he is always a good read, and a must for anyone seeking to come to grips with the Italy of today.

Fischer's curtain-raiser before last week's summit in Naples reflected perfectly his approach, an amalgam of erudition and contempt. He noted how lucky it was that reports of parliamentary investigations did not get read. For, if they were, the seven leaders might

have thought twice about holding a summit in Naples.

The report produced last December on the workings of the Neapolitan Camorra made the Mafia seem like a Rotary Club. The Naples region produces twice the national average of murders, more than twice the number of officials driven from office as in Sicily, and an industrial structure based on fraud and corruption.

Yet, Naples was dressed up for the summit. Had not the authorities done a good job? Not according to Fischer. "Chancellor Kohl and President Clinton, like the Tsarina Catherine II on her Crimean trip with Count Potemkin in 1787, are expected to praise the order and prosperity of Naples, a city where drivers prefer to

print the image of a seat belt on their shirts rather than actually use a real one."

The idea of Naples as a Potemkin village, where everything is faked for the grand occasion, provides an insight that adds to one's understanding of summits. It also, unconsciously, came to dominate much of the comment on the event itself. There was far less in it than met the eye.

Le Figaro's editor, Franz-Olivier Giesbert, pursued the theme with reference to France which, he said, "freely confuses the cosmos and the farmyard". There followed a quotation from Cocteau: "What is France? I ask you. A cock on a dunghill. Take away the dunghill, the cock dies."

The summit had played a

vital dunghill role, and sending troops to Rwanda meant France could crow as the conscience of the world. "France exists, the G-7, sorry G-8 (Russia included), have recognised it. That is one of the lessons of the summit..."

Charging on through his thicket of metaphors, Giesbert concluded that it was "a summit of the seven dwarves. Without Snow White".

A different view was expressed in *La Stampa*, which headlined its comment: "The chimera of a world government." It argued that while the G-7 was the pinnacle among international bodies designed to construct a better world, it should, in fact, do nothing at all.

According to the newspaper,

the very act of trying to govern the world was doomed, for it made things worse. There was a "big bang" in 1914 when old empires started to explode into new states, and that had not settled down. Neo-nationalists and neo-fundamentalists resented anything that smacked of trying to impose any order, new or old, and G-7 political declarations were, therefore, a waste of time.

I once knew a house in Devon where the hall was full of 18th century painted figures cut from wood panels. The lone inhabitant found it comforting to join these guests from another world. With modern technology, it should be easy enough to construct a Potemkin summit which would be no less impressive than those we enjoy today.

Next year's venue, a spot known as Halifax, Nova Scotia, would be an excellent place to start.

James Morgan is economics correspondent of the BBC World Service.

BOOKS

Poignant poetry of the past

Christopher Patten, governor of Hong Kong, reviews the evocative memoir of an Irish civil servant

As a junior minister in Belfast, opening a red box for the first time, I was disgracefully spoiled. My permanent secretary in the Northern Ireland civil service was a Lancastrian Ulsterman called Norman Dugdale. He is a fine poet (also published by the admirable Blackstaff Press) and a student of Cavafy – and maybe, not surprisingly, the best drafter of a ministerial submission I have ever encountered.

And then, such are the riches of the Province, when Dugdale retired, he was followed by Maurice Hayes, a former town clerk of Downpatrick, chairman of the Community Relations Commission and a senior mechanic in most of the efforts in the 1970s to broker civilised constitutional deals between the warring tribes of Ulster.

Maurice Hayes, who went on to become Northern Ireland's Ombudsman and today's chairman of the Ireland Fund's advisory committee, is a Gaelic scholar and poly-

math and a high-scoring member of Ireland's "Round Britain Quiz" team on BBC Radio. A trenchant analyst of politics and a brave and decent public servant, he has like Mary Robinson or Garret Fitzgerald, all the wit, the learning, the courage and the crack, that give the Irish at their best a head-start in the charm stakes.

Now he has written a book about growing up in a seaside village in County Down before the war. And if there is a more magical album of childhood memories, real or fantasy, I would like to know what it is. As Seamus Heaney points out in his introduction, *Sweet Killough* is part-census, part-inventory of births and deaths, rumours and gossip, tides and winds, moons and

stars, harvests and catches, trains, boats, horses, sayings and songs.

Killough was a self-contained community into which the outside world encroached little. The biggest employer was the brickworks, not a very sound foundation for the local economy given the state of the building trade and the tendency of the local bricks to split and spall and let in the wet. Otherwise fishing and farming provided the jobs.

Hayes described the farming calendar – the ploughing, the sowing, the harrowing, the threshing – and reminds us of the "fragility of crops at the mercy of the weather". But above all, in sight of the Mourne and the Isle of Man, Killough is made by the sea: "the sea is everything, everywhere, deter-

mining the limits off existence, the weather, the rotation of activities, and often life itself and death".

We read of the shore, the jetsam, the bays, the piers, the rocks, the wrecks, the drownings, the cod, the

SWEET KILLOUGH: LET GO YOUR ANCHOR
by Maurice Hayes

The Blackstaff Press £7.99, 240 pages

mackerel, the lobsters, the limpets, the murex shells like penguins by the changing tide, and the mariners' tales which link the coast with more exotic landfalls, Table Mountain in Cape Town or Sugar Loaf in Rio.

Killough itself was mercifully

free of religious bigotry though reminded of it from time to time by riots and sectarian rites up the road in Belfast. "The tell-tale signs by which religion was treated: the presence of rosary beads... the failure to say which instead of who in the third word of the 'Our Father'... to be called Liam instead of Billy..." none of these things mattered in Killough.

Hayes grew up in a Catholic home in which the superstition of a fishing village fused with the deeper rhythms of the church's liturgical year: abstinence and fasts, Ash Wednesday and additional rosaries, and always the minutia of ritual and indulgences, for example "how many prayers (known faintly as ejaculations)

were necessary to bring about a desired end." His father was from Waterford, had fought for the King in Mesopotamia and India, and even received a patriotic wound, though for playing football not from a Turkish scimitar.

Hayes draws a marvelously evocative picture of his mother, to whom childhood illness inevitably drew him very close, as well perhaps as the fact that as the second of twins he had been expected to die, until "coaxed into life by the heroic efforts of the mid-wife and a couple of drops of brandy". We see his mother sewing and making jams and marmalade, apple jelly and puff pastry, we learn of her

careful collection of people with cures for warts and haemorrhages and ring worms; we hear her aphorisms and the precepts learned from the nuns and from her own mother. She was obviously a remarkable woman, and at the book's end is borrowing money to buy a rundown commercial hotel in Downpatrick to help pay for a better education for her children. As in other happy childhoods, she is the heroine of the tale – at one moment bent over her sewing machine, "her hair tumbled down on one side, masking the work" seeming to envelope mother and son in their own private tent. And then, alas, she is knocked over on her way back from the station by touring cyclists, and after that she never seemed young again.

It is customary at this time of year to give advice on the books that should be packed for the beach or the river bank. All I can say, as politely as possible, is that if you do not take *Sweet Killough* with you this year, you are mad.

White Chief in a Velvet Jacket

Jackie Wullschlager on the life of Robert Louis Stevenson

Fans called him Velvet Jacket, the lovable, smoking Bohemian artist. To others he was Seraph in Chocolate, an arch *fin-de-siècle* sensualist, possibly over-sweet. On the island of Samoa, he was White Chief, protector of a tribe of former cannibals. By the time Robert Louis Stevenson died in 1894, aged 44, he had become such a mythical, untouchable figure, that, reviewing an early book of letters, a sceptical Henry James said: "one smells the things unprinted".

Now, in the centenary year of his death, a magisterial eight-volume edition of Stevenson's letters gives us a full rich portrait of the writer. Told

THE LETTERS OF ROBERT LOUIS STEVENSON, VOLS I and II
edited by Radford A. Booth and Ernest Meheew

Yale £29.95 each, 525 and 352 pages

in his own voice – or rather in the two voices of someone whose imaginative existence propelled his actual one – his strange short life is riveting. On the one hand, RLS was a romantic, living out the swash-buckling fun of *Kidnapped* and *Treasure Island* on voyages to the South Seas and a marriage to a fast, gun-carrying Californian. On the other, there emerges a decent, everyday guy who cared about food and the weather, ran out of cash, and wrote home each week to his mum. RLS is already enjoying a revival as a Victorian New Man – emotional, honest, tolerant, a model of equality in his marriage and his friendships with South Sea Islanders. These letters will enhance both his literary reputation and his popular image.

Like many children's writers, he never quite grew up, and most of the letters in these two volumes – ending when he was 29 – are to his parents, or

the art critic Sidney Colvin and literary hostess Frances Sitwell who supported him when a religious row drove him from his strict Edinburgh family. These form a journal of this critical point in his life, when he was fighting for the freedom to be himself and to write. In becoming "a horrible atheist", his father said, "you have rendered my whole life a failure", to his mother it was "the heaviest affliction that has ever befallen me."

To RLS, the pampered only child, the break with home was devastating. As Frances Sitwell, "a sybilite beauty over which time had no power", guided him through the storm, he became infatuated with her. He addresses her as Madonna: "Your sympathy is the wind in my sails," and "you are the very texture of my thought." Colvin was also in love with her and after a 30-year courtship, she married him. Initially a rival, RLS was devoted to Colvin. "I can see no harm in my dying like a burst pig upon some outlandish island," he tells the older man, "but if you died, without due notice and a chance for me to come and see you, I should count it a disloyalty, no less."

RLS was always sickly: the rapidly changing addresses here as he moved from spa to spa is the journey of a typical Victorian consumptive. After his religious crisis, convalescence in the south of France was psychological as well as physical. He healed wounds, and soon he was writing, in un-Scottish fever pitch, "my dear father and mother, I wish to do no more today than tell you how much you are in my thoughts, and how much I love you... please never imagine that you will lose me, or I lose you, until death intervenes... do believe that I love you with all my heart."

As his biographer Ian Bell pointed out, Stevenson's style is a sick man's response to the world heightened, distanced, specific. No letter writer has a more intense feel for places. From Scotland "very cold in body and black at heart," he



Endpapers from the 1911 Cassell Classic edition of 'Treasure Island' painted by the great American illustrator N.C. Wyeth, reproduced in 'Pictures of the Mind: The Illustrated Robert Louis Stevenson' (Canongate Press £14.95 paperback, 88 pages) with an introduction by Dr John Scally.

writes one summer of the "high wintry winds, and the grey sky and faint northern daylight," and air so invigorating "that my scalp was sore." In France he swoons over sun-trapped valleys and hikes across the Cévennes with his donkey Modestine ("68 francs and a glass of brandy"), taking just a change of clothing and a whisk – for his breakfast consisted of raw eggs. One recalls "many is the long night I've dreamed of cheese – toasted, mostly", in *Treasure Island*.

The same mix of thrills and homesickness that make his stories so shudderingly authentic informs these letters. "You may paddle all day long," he says of a canoeing trip in Belgium in 1876, "but it is when you come back at nightfall, and look in a familiar room, that you find Love or Death awaiting you beside the stove, and the most beautiful adventures are not those we go to seek." He ended that trip with a visit to the Barbizon artists, and stopped one night

outside the hotel Chevillon near Fontainebleau. Peering through to the dining room, he saw a dark, lively American woman and, to screeching delight from the artists, faltered through the window to sit beside her.

She was a married mother called Fanny; she liked him but was unmoved by his habit of bursting into tears. A year later, she cabled from California in distress. RLS caught the next boat across the Atlantic, rescued her from a disas-

trous husband, and married her. "Count on 250 a year," his father cabled, announcing a reconciliatory allowance.

Volume two leaves RLS in the middle of this affair. Many figures from Victorian Britain have come to life, from the crippled editor W.S. Henley, model for Long John Silver, knocking down Oscar Wilde with his stick, to the "leghouse Stevenson" touring the coast to show off their beacons. The remaining six volumes promise to be as entertaining.

The voice of moderation

David Walker discusses the legacy of a great 16th century thinker

Illegitimate, orphaned in adolescence, abandoned into an institution by his guardians – the anguaries were not good.

Yet Erasmus of Rotterdam became one of the greatest thinkers and scholars of his age, with profound influence on Europe in the early 16th century and beyond.

Through the turbulence of religious divide and war, his was a voice of moderation and reason heard – and sometimes hearkened to – across the continent.

The Emperor Charles V made him a member of his council; his works were read not just in the Germanic and Spanish heartlands of the Habsburg empire and France, Italy and England but also in the further flung corners of Europe like Hungary and Poland. He corresponded with reformer and traditionalist alike across the great swathe of European intellectual thought.

Yet within a few years of his death his works were placed on the Papal Index of banned books. Erasmus laid the egg which Martin Luther hatched, it was said, and he was seen as dangerously subversive.

The strands and legacy of this subversion are ably explored by Professor A.G. Dickens and Dr Whitney R.D. Jones in a new study of Erasmus' philosophy and theology.

To Martin Luther in 1519, Erasmus set out one of the fundamentals underlying his approach to the quarrels of a bitterly divided continent: "I think we get further by courtesy and moderation than by clamour. That was how Christ brought the world under his sway... Things which are of such wide acceptance that they cannot be torn out of men's minds all at once should be met with argument, close-reasoned forcible argument rather than bare assertion."

Tolerance remained the hallmark of his thinking, but there was no precursor here of a multi-faith society in which all beliefs are accorded equal respect.

"Let them burn, by all means, those who fight the teaching of the articles of the faith or something of equal authority by the consensus of the church," he was to write as the schisms grew.

But the condemnation was tempered; heresy merited burning at the stake only if it was "linked with sedition or any other crime which

the laws punish by death." His aim was to avoid schism and to maintain the policy. It was, he argued, important to understand how few things were basic to a true faith and how false scholarship had perverted the essentials and been used in the pursuit of power at the expense of peace.

Above all, he believed, war had to be avoided; those who advocated it, he thought, were guilty of the worst of sins.

Universal government, he maintained, was no answer to the imperative of peace; it could merely lead to a bigger tyranny than was possible in a world of fragmented states. In the 16th century, these sentiments were seen as highly seditions. The wonder is that Erasmus himself survived, respected till the end; it was only after his death that his works were banned.

ERASMUS THE REFORMER
by A.G. Dickens and Whitney R.D. Jones
Methuen £25, 367 pages

He may have been a critic of much of the prevailing order, but he gauged the limits to which criticism could be taken. Vigorous refutation awaited those who, seeing in him an ally, sought to interpret his writings beyond those limits.

How much of a legacy has he left? For Professor Dickens and Dr Jones, the influence of Erasmus is profound. He would, they suggest, have been in the vanguard of today's ecological movement. And his influence in shaping the thinking of those around him and who came after him meant he helped to shape the world we live in.

There is much that is recognisably "modern" in his outlook, in contrast with others, such as Martin Luther, who had such a big influence on Europe's development.

Though steeped in the ruling currents of the time, he frequently rose brilliantly above them. His understanding, his insistence on distinguishing between substance and form and examining basic principles, and above all his humanity illuminate a world in which rival certainties battled for supremacy.

The world today is as divided, though driven by doubt rather than certainty. The Erasmusian approach, as we stumble our way through, has as much validity now as then.

Benign dictator or corrupt despot?

Whatever one thinks of Tito, he recognised the dangers inherent in the Balkans, says Christian Tyler

Tito was dying. But anyone watching the thousands of ordinary people who in 1980 packed a square in Skopje for a spring festival of singing and folk dancing would have concluded that Tito's Yugoslavia was very much alive.

Even in Pristina, capital of neighbouring Kosovo province, where ethnic Albanians drank their defiance of the Serb authorities it seemed – certainly to the younger generation – that the Old Man's federal framework, however fragile, was simply too precious to be allowed to break.

Tito knew how fragile it was. Nine years before he died, Jasper Ridley records, he warned Croatian Communist party leaders who had met to discuss an outbreak of nationalist separatism: "Under the cover of 'national interest', all hell is assembling... In some villages the Serbs, out of fear, are drilling and arming themselves... Do we want to have 1941 again?"

Foreigners, he said, were speculating that after his death – he was then 79 – "the whole thing will collapse". Meanwhile Brezhnev had mischievously offered to lend him

Soviet troops to suppress the Croat militants.

Josip Broz was a Croat himself. Yet he had no time for the absurdities of myth and language with which his heirs have attempted to justify the killing and the "cleansing". However cruel his courageous wartime leadership of the Partisans may have been and however ruthless his subsequent treatment of political opponents he could be pragmatic to the point of generosity when national unity was at stake.

The topical question, of course, is to what extent Tito and the government he led can be held responsible for the dreadful civil war that has followed his departure.

To some he is a benign dictator – the only good advertisement communism ever had – whose personal charisma and political vision converted ancient tribalisms into a convincing national identity. To others he is a sharp-suited, luxurious ex-

revolutionary whose corrupt, extravagant regime was waiting to be hijacked by power-grabbing nationalists such as the Serb, Slobodan Milosevic, and the Croat, Franjo Tudjman.

Both biographers incline to the first interpretation, but neither supplies an answer.

Ridley's book is more history than biography. Being the historian he is, he not only maps out the life but carefully and usefully supplies the world context in which Tito operated, from the break with Stalin in 1948, through the depths of the Cold War to his reincarnation as a world statesman, leader of the "non-aligned" nations. Ridley also scorns the theory advanced by Michael Lees in *The Rape of Serbia* that Winston Churchill was duped by left-wing intelligence advisers into switching British wartime sup-

TITO
by Jasper Ridley
Constable £20, 495 pages

TITO AND THE RISE AND FALL OF YUGOSLAVIA
by Richard West
Sinclair-Stevenson £20, 436 pages

port from Mihailovic's Cetniks to Tito's Communist partisans.

But little emerges of Tito the man that has not already been recorded by his wartime comrades: Vladimir Dedijer in his politically-correct hagiography or Milovan Djilas in his sharp, dissident and more subjective portrait.

With his chosen perspective, Ridley's Tito reads like a well-researched textbook, full of background but short of foreground. The pace quickens and lightens in the

final chapters – there is a good anecdote about Tito's boar-hunt with an unorthodox Cossack – but Ridley makes no attempt to analyse the man or his works, to offer a biographer's verdict.

Richard West's book is really two. He set out to write his memoirs of a country he has been visiting as a journalist since 1951. His publisher suggested a biography. The result is a quick summary of Balkan history, a cursory narrative of Tito's life and a detailed indictment of the Croats, from the Catholic Ustasha's wartime butchery of Serbs to the revisionist ideology of the current Croat leadership, with a visit to the shrine of Medjugorje on the way.

The book concludes with anecdotes and reminiscences whose effect is to illustrate rather than illuminate the Serbs' "revenge" (a revenge in which the Moslems have once again become the proxy victims). Tito has vanished. His biogra-

pher muses vaguely about history and religion as the inevitable causes of the war, but it is a view contradicted by refugees of the conflict and by the humble folk that West himself has interviewed on his travels.

Tito always divided outside opinion: ambivalence was one of his political gifts. Courageous, charming, autocratic, fond of dogs, hunting and women, he has exerted a particular fascination over the British, from the soldiers who met him in the mountains to modern historians at their desks. He inspires extremes of admiration and distaste. On balance his reputation seems to have been enhanced by the deluge which has followed his death. It may be too soon for history to judge.

In the meantime, if one had to make room on the bookshelf for one more biography of Tito, it would probably be Ridley's.



Josip Broz Tito: the father of Yugoslavia

ARTS

'Canterbury Tales' on the vicarage lawn

Martin Hoyle finds more postcard humour than Chaucer in this revival

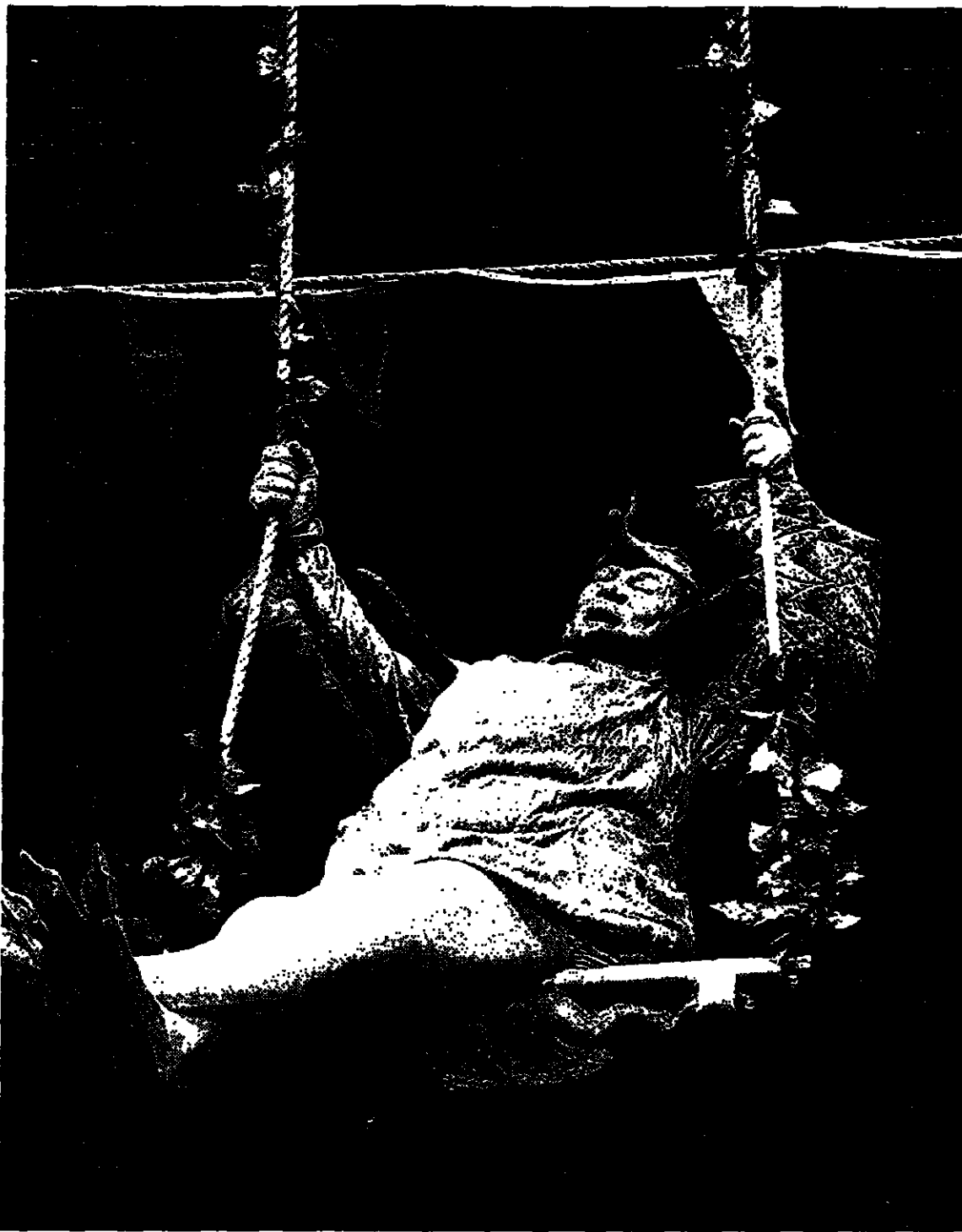
Across the road from the Garrick Theatre on Thursday evening a group of Morris Men, biologically if not politically corrected to Morris Women, jingled their stuff. Inside the theatre ominous signs directed us "to the vicarage lawn". In the auditorium we were assailed with the determined jollity of actors acting normal people, uttering lines like "I'm the local vicar here" and "It's lovely weather, just what we needed" as they mingled in the stalls with the insouciant spontaneity of the ultimate deterrent, note-books and pens in the hands of some of my colleagues, their cordiality became less marked and they turned their frozen smiles elsewhere.

The mood of village theatricals is deliberate. The latest resurrection of Michael Bogdanov's 1978 Young Vic adaptation of *The Canterbury Tales* is set during the annual Geoffrey Chaucer Storytelling Competition supervised by the vicar of Upper Hopewell. This framework cunningly licenses the muse of writer Robin Davies to roam through such well-loved comic exchanges as "Can I have the actors on the lawn, please?" Excited female voices: "You can have me, vicar!" and "I'm the Reverend Nicholas Nunn." Brian Glover, heckling from the audience: "Knickerless nun? Oo!" There are time-honoured references to "spanking tarts" and competitors "getting the biggest clap". If the thrust and parry of "You're the fakir!" "I beg your pardon!" and the spirit of Donald Magill postcards are your sort of thing, you will find this a painless introduction to the first great English poet.

Ah yes, Geoffrey Chaucer. The ama-

teur thespies of Upper Hopewell mount (ho ho) five of his tales, while the audience is coerced, panto-style, into demanding a sixth, the Miller's Tale, needless to say, from the previously proscribed Brian Glover. Your final receptiveness to Peter James' production depends on how you take Mr Glover, voice of a thousand TV commercials (even the theatre posters refer to "Chaucer with nowt taken out"), God in the National's Mysteries and remorselessly jovial professional Yorkshireman. Here he turns up as everything from a fair to a bawdy barnyard in costumes that ingeniously incorporate an elephant and the bar respectively. What is more, much more, is that he fills in with what used to be called saloon bar stories, a few of which go a long way, some decidedly too far.

When not cringing, or blossoming, before this campaign of ferocious comic attrition, you can find much to admire in a cast that gives signs of being rather classier than its material. Richard Cant, an accomplished young comic, and the pretty Katherine Oliver deserve mention for gallantry that includes exposing bare bottoms in the Miller's Tale. Nicolas Lumley's vicar puts over hoary old facetiousness as if it were fresh; but then the whole company deserves a clearer brief. Is this a family show? It strikes me as too unapologetically, less smutty. Is it an adults only show? It is too clumpily unsophisticated. I have an awful idea that it may be fitted into a sixteen-pint-and-a-vindaloo evening by office parties or those still suffering withdrawal symptoms over the World Cup. I would hesitate to recommend it to Eng. Lit. students.



Brian Glover as the Miller: the cast is classier than the material

Four Weddings and a poem

Anthony Curtis on the work of the suddenly voguish W.H. Auden

Once before, a film turned a poem into a best-seller. In 1945, when John Pudney's RAF poem "Do not despair/For Johnny Head-in-Air" was included by Terence Rattigan in his screenplay for *The Way to the Stars*, Pudney's sales shot up from hundreds to thousands. Now Richard Curtis has done it again with Auden's "Funeral Blues". "Stop all the clocks, cut off the telephone..." in *Four Weddings and a Funeral*.

Faber have re-printed "Funeral Blues" with some other Auden favourites in a handy pamphlet (£2.50, 32 pages) that has already sold 40,000 copies and featured in a reader's offer in *The Sun*, a tabloid newspaper not previously noted for its commitment to poetry.

Curiously, Auden and Pudney were at school together, pupils at Gresham's Holt in Norfolk in the 1920s. Auden, a couple of years older than Pudney, had rather a crush on the younger boy. When Auden threw a batch of his poems into the school pond, saying that he had abandoned poetry for science, it was Pudney who helped him fish them out.

At Oxford in 1925, Auden read Natural Science before switching to English. He published poetry in Oxford journals, edited *Oxford Poetry* with Day Lewis and had his first homosexual affairs. All the while he continued to write enormous quantities of poetry and he sent copies of them all to Pudney, who was still at Gresham's. Auden's undergraduate poetic output was staggering. No wonder he got a Third in his finals.

The Pudney collection is one source for Katherine Bucknell's timely edition of Auden's *Juvenilia 1922-25* (Faber £25, 320 pages). Other sources are poems preserved by Auden's mother, and those given by Auden to other friends of his youth, among them the painter Robert Medley, Christopher Isherwood, Tom Driberg. The typescripts often show several variants of a single poem. Most are now safely lodged in the Bodleian and other libraries but the Isherwood collection, the largest, is still in private hands.

There are many lines and whole verses that were recycled into later poems in his published work. Dr Bucknell (who runs the Auden Society's Newsletter) notes all this in a running commentary of considerable fascination. Altogether she has assembled more than 200 poems written by Auden between the ages of 15 and 22. Most of them have never been published before. A few were published by Stephen Spender in an edition on a hand press limited to 30 copies as *Poems* (1928). It was Auden's first book. Most of the copies have disappeared. Dr Bucknell reprints everything that was in it.

From the start the young Auden was able to assume the manner of well-known poets he admired with amazing assurance. We can watch him restlessly trying on poetic styles until he found one that really suited him. He goes through a Georgian phase based on Edward Thomas, Walter de la

Mare, where the imagery of disused mines, kestrels and the Midlands rural landscape of his childhood, is already obsessively captured. Then he has a pessimistic Hardy and Wilfred Owen phase that lasts until he works his way through to the moderns, Edith Sitwell, T.S. Eliot, Hopkins. Here is Auden at 20 becoming Gerard Manley Hopkins in a poem called *Aware*:

"Bones wrenched, weak whinper, lids wrinkled, first dangle known, World-wonder hardens as brightness, years: brings knowledge, you."

More typical, however, than this denseness is a playful poem structured like a game of Consequences:

"She said: 'How tiring the lights are!' I said 'How noisy it is!' So up we scrambled into the loft which smelt of hay. 'Supper!' they said, all too soon."

Auden later called this phase a process of "literary transference", by assiduously copying the style of a master the novice-poet discovers his own voice. Certainly by the end of the volume Auden has done



W.H. Auden: he had the power to haunt us with memorable lines

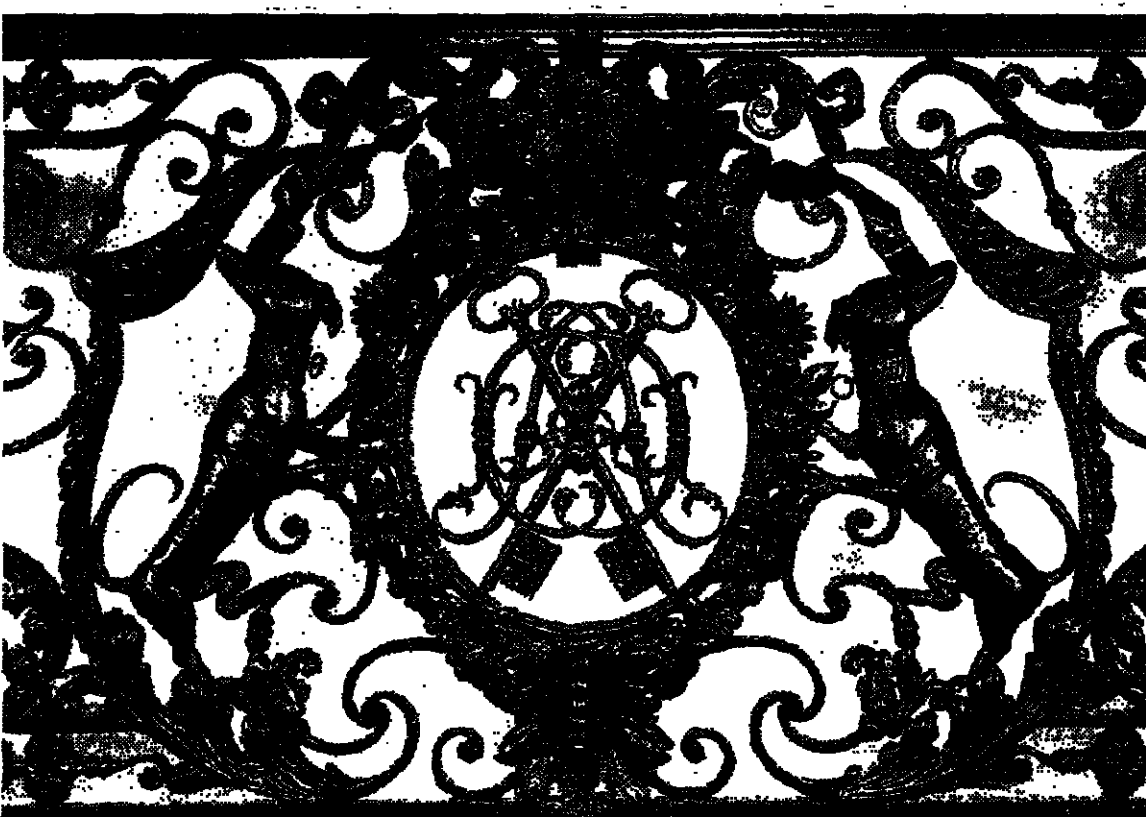
that. There is a sequence called *The Megalopsych* (Aristotle's Great-minded man) that shows him maturing almost overnight. As Bucknell says, as soon he had finished it Auden began to iron out its pomposities and simplify. That simplicity was second nature to him by the time he came to write "Funeral Blues".

In its 30 pages, Faber's new slim volume aptly reveals Auden's power to haunt us with memorable lines, also his stunning versatility: it has a ballad, "O what is that sound that fills the ear"; a calypso "Driver drive faster"; a lullaby "Lay your sleeping head my love"; an exhortation "Lover sulk no more" (for Britten); a couple of Coward cabaret songs, and a clutch of love-lyrics in which complex metrical problems are solved.

For those who wish to read "Funeral Blues" in the context of Auden's entire poetic output, the *Collected Poems* (edited by Edward Mendelson Faber & Faber £14.99, 928 pages) contains "all the poems that W.H. Auden wished to preserve". He did not, however, wish to preserve the juvenilia but, as an insight into the development of a great poet who has become unexpectedly voguish, we are grateful to Dr Bucknell for the trouble she has taken to let us have them.

Scrapyard to splendour

Susan Moore admires the V&A's new Ironwork Gallery



A French balcony of 1770, rescued from a cut-de-sac in Versailles

mented and protected by elaborate S-scrolling iron hinges and latchwork came from the derelict St Albans Abbey; the 17th-century polychrome chandelier rods on display once adorned Wren's St Michael Queenhithe, demolished in 1876. Garden gates stand as a solitary survivor of

Robert Adam's Lansdowne House in Berkeley Square; the elegant neo-Classical lampholder a poignant reminder of one of the London's most tragic losses, the Adams' Adelphi buildings off the Strand. This said, many continues with the disembodied balconies, balusters and grilles from

France, Italy, Germany and Spain.

Most of the collection, of predominantly wrought rather than cast iron from 1600-1800, was acquired by the museum 1860-1890, often through the agency of passionate preservationists. Perhaps the unlikely Albert Steptoe of all was the pioneering Lady

Dorothy Nevill, who saw her mission as relieving workers' cottages on the Weald of their 16th-century decorative cast-iron firebacks and presenting them to the nation in 1914.

The museum's mission was, of course, to improve modern design and manufactures by exhibiting the finest examples of the arts of the past and present. In this sense the V&A itself was - and is - an exhibit. On show, for instance, is one of the ropework cast-iron radiator panels with their curious hermaphroditic friezes designed by Alfred Stevens for the museum around 1862. The department's most recent commission, a steel bench by the American artist Albert Paley, is due to arrive in late October.

James Horrobin's impressive hammer-gates to the gallery of 1981 are evidence of the relatively recent flowering of contemporary blacksmithing in Britain, a phenomenon that makes the abysmal design and poor execution of the new Queen Elizabeth Gates in Hyde Park as bewildering as they are a wasted opportunity. Their only saving grace is as a reminder that decorative ironwork was traditionally painted and gilt; black was late Victorian convention.

It is, however, the stark contrast of the black, calligraphic lines of wrought iron imaginatively set against white walls that provides the gallery with its immediate drama. Its eclectic collections of smaller ironwork warrant closer inspection: fiendishly complex medieval and renaissance locks and keys take their place alongside gleaming 16th-century Venetian gondola prows, the dull, delicate filigree of Berlin iron jewellery and jolly turn-of-the-century biscuit tins.

Black-stained wooden display cases are re-used from the old Glass Gallery, the first of the V&A's "materials and techniques" galleries to be re-displayed. These, plus the gimmick-free simplicity of the new installation, are virtues born of necessity.

The new Glyndebourne has only been open seven weeks but it is proving a much more exciting place than its sedate predecessor. The boating that greeted Deborah Warner's abstract version of *Don Giovanni* on Sunday was not unprecedented - Peter Seller's equally revisionist *Magical Flute* was heartily disliked by traditionalists (most of the Glyndebourne audience) a few years back - but this time the barracking was more confident and showed a welcome tendency to start fresh traditions in the new auditorium.

More startling still have been the advertisements alert-

ART GALLERIES

MARLBOROUGH FINE ART 6 Albemarle St. W1. 071-409 5181, F.S. 07741. Recent sculpture: Unit 20 August. Mon-Fri 10-5.30. Sat 10-12.30

J.P.L. FINE ARTS RAOUL DUFY - "Moby Music." Paintings, Watercolours and Drawings. Unit 22nd July. Mon-Fri 10-6. Sat 10-12. Davies Street, London W1. 071-493 2620/071-629 9788

Surprising last refuge for the avant-garde

Off the Wall/Antony Thorncroft

ing the public to unsold tickets this season. It has always been true that a ticket to Glyndebourne was almost impossible to come by, even from touts. There are over 6,000 opera lovers waiting (at a signing on fee of £50) many years for the membership which guarantees tickets: most regard a trip to Glyndebourne with as much longing as the three sisters dreamed of Moscow.

Now the Sussex Downs are suddenly much closer. The enlarged auditorium means that there are around 400 extra tickets to sell each evening and for the August performances of *Peter Grimes* and *The Rake's Progress* (20th century opera is blatantly less popular with the social element in the Glyndebourne audience) there is still availability. Hence the ads. There has also been confusion about the 42 standing places priced at £10 and £15 for each performance. They can be booked in

advance. So if you are quick you can go to Glyndebourne this summer for a tenner.

Next summer it should be open house for everyone. The programme consists of new productions of a rare Handel oratorio and Berg's *Lulu*, not obvious box office hits, plus revivals of Britten's *A Midsummer Night's Dream*, which failed to sell out completely last time - and *Don Giovanni*. As the ENO rejects experimentalism for popular operatic favourites Glyndebourne seems to be the surprising last refuge of the avant-garde.

Sponsors love a credit, a little plug in the press for the opera, concert, art show, they have supported. This is mainly because only a minority of company directors appreciate the arts, and media coverage is the obvious way that they can prove to their more hard-headed colleagues that there is a tangible return

from the corporate investment.

In the past such credits were hit and miss affairs, with the BBC and some national newspapers refusing to acknowledge the sponsors' contribution. As a result, the arts lost patrons. In recent months the Association for Business Sponsorship of the Arts, and arts organisations like the National Theatre and the Tate, have launched a strenuous campaign to persuade the media to include the sponsor in coverage of arts events.

It seems to be paying off. In a survey conducted in May, 74 per cent of sponsors were credited, compared with only 49 per cent in February. Six newspapers had a 100 per cent success rate, including the FT (of course), but also such traditional sceptics as the *Guardian* (now an ABSA member) and the *Evening Standard*.

The research also indicated that sponsorship is still comparatively rare. Only 39, or 22

per cent, of the 180 reviews were of events that had been sponsored.

There is only one topic of conversation in the arts and heritage world at the moment - the National Lottery. It would be a dozy arts administrator, or museum director, who did not want to jump on this particular gravy train. The problem is which compartment to make for - the Millennium Fund, the arts treasure chest, or the heritage pay offs.

The Millennium Fund is channelling half its anticipated revenue, or roughly £800m by the year 2000, into large prestigious new building projects of national significance, which puts it off-limits to art galleries and theatres that only need refurbishment. The arts money is likely to be competed for by every arts institution in the country, from the National Theatre to a local video workshop. This

leaves the National Heritage Fund's largesse as the centre of most speculation.

One gallery that has moved swiftly is Dulwich Picture Gallery in south London. This week the chairman of its trustees, Lord Sainsbury, launched an endowment appeal which aims to provide £400,000 a year to improve both the display of the collection and the out-reach programme of this, the oldest public art gallery in the UK. To ensure such extra income suggests an endowment fund approaching £8m.

Dulwich has pulled off a coup by receiving a promise of help from the National Heritage Fund, although, surprisingly, not from its lottery resources but from its annual grant, which is to be reduced next year to £8.8m. This is because the Heritage Lottery Fund can only give endowment support to projects to which it has also given capital funding, a strange quirk of the legislation.

Of course help for Dulwich depends on the Trustees raising a substantial sum by their own efforts, but with Lord Sainsbury and Mrs Vivien Duffield on board the odds are good that this little artistic jewel should gleam even more brightly in future.

Every now and then you catch sight of the extent of the recession in the art market, where things are toughest. In July 1990 a bidder quickly acquired on the same day at Sotheby's some 18th

century ancestors by paying £520,000 for a family portrait by Zoffany; £380,000 for one by Joseph Wright of Derby; and £26,000 for a Gainsborough. Fate forced him to sell them at Christie's this week. The Gainsborough sold - for £45,500, but even at £220,000 there was no bidding on the Zoffany and the Wright of Derby was bought in at £180,000. The market for smart decorators' paintings is still stone-cold dead.

By chance this week an art-tocrat was actually buying in the saleroom. The Duke of Devonshire, through his Chatsworth Trust, paid £265,500 at Sotheby's for a Gainsborough portrait of Georgina, an 18th century Devonshire Duchess. In 1876 it sold for 10,000 guineas, at the time the highest sum ever paid in the saleroom. How tastes change.

BANKSIDE GALLERY: RWS "OPEN" COMPETITION

7th - 31st July. The largest U.K. Watercolour Open Exhibition. Most works for sale, prices from £20. Artist talks Tues 6.30pm at the gallery. Open: Tues 10-8, Weds - Fri 10-5, Sat 1-5. Closed Mon & Sat. Adm £3.50/£2 coach.

BANKSIDE GALLERY 48 Hopton Street, Blackfriars, London SE1, 071-928-7521

Into the 21st century

I have seen the future and I have almost got it to work. My life has been transformed in recent weeks by the acquisition of a CDI Digital Video machine.

Welcome to the wonderful world of advanced interactive home viewing. Technophobic teething troubles mean that I am still striving to master the intriguing game *Caesar's World Of Bating*, in which you programme your own pugilist and watch him battle in glorious live-action colour. And I am also settling slowly into the other game requiring use of a remote-control joystick, *Voyager*. In this you roam around a US presidential candidate's mansion eavesdropping on possible would-be murderers. A computer-enhanced Robert Cutp plays the politico, and a flotilla of semi-recognisable TV actors occupy the guest rooms. Using your handset, you zoom in and out picking up clues, highlighting evidence, or punching up your choice of tell-tale dialogue scenes.

more of you to stay away from cinemas.

But a breakthrough is a breakthrough. And with movie CDs as with music CDs – to which they are near-identical in size, shape and price (£15 per film) – you have unprecedented intervention powers. Scenes are “chapter-headed” so that you can jump straight to them. There is a freeze button, producing a perfect image not an imitation of a distressed blankmange. And when you press the final stop button, that is it: you do not have to look at the ceiling for five minutes while the tape rewinds.

With my credibility as a cassette-recommender under threat, I must now turn 180 degrees and argue for such virtues as VCR viewing itself – the main one is range. There is movie life outside Paramount, and in the foreign film department *July* offers riches aplenty. Pick of the month is *Forever My Concubine* (Artificial Eye), when Kaige's epic of modern Chinese history, escorting us

My mastery of this games universe is limited as yet. But I have screened the CDI feature films without problem and I can announce: you might as well throw out that steam-driven VCB now. This system comes closer than any previous small-screen viewing experience to providing the resolution, hi-fi colours and sound quality of a cinema.

So far the Philips CDi people seem to have tied up Paramount and Polygram alone as major product sources, so the movie catalogue is small. *Top Gun*, *Naked Gun 2½*, *Ghost*, *The Crying Game* and a couple of dozen more.

But for the first few days of using this machine, what you watch hardly matters. You are startled that faces look real and humanly coloured rather than blobbed in with video-pink; that night time scenes are not invisible to all but badgers; that grain and blurriness are things of the past.

A favourite movie scene that on the VCR looked scarcely better than a home video – let us say, Frank Drebin's lobster-terrorised White House dinner with the Bushes in *Naked Gun 2½* – now plays like something out of Visconti.

Since this machine has been handed to me on indefinite loan by the Philips CDI promotion people (its high street cost is £550), I should probably moderate my enthusiasm lest there are cries of heresy, as a corruption. I also hesitate, as a film critic, to trumpet a viewing device that might encourage even

But it is no good. I cannot stay away from the CDs. I am now playing an interactive disc called *The Worlds Of...* which features several pop groups I have never heard of called "Sultans of Ping", "Ugly" and the like.

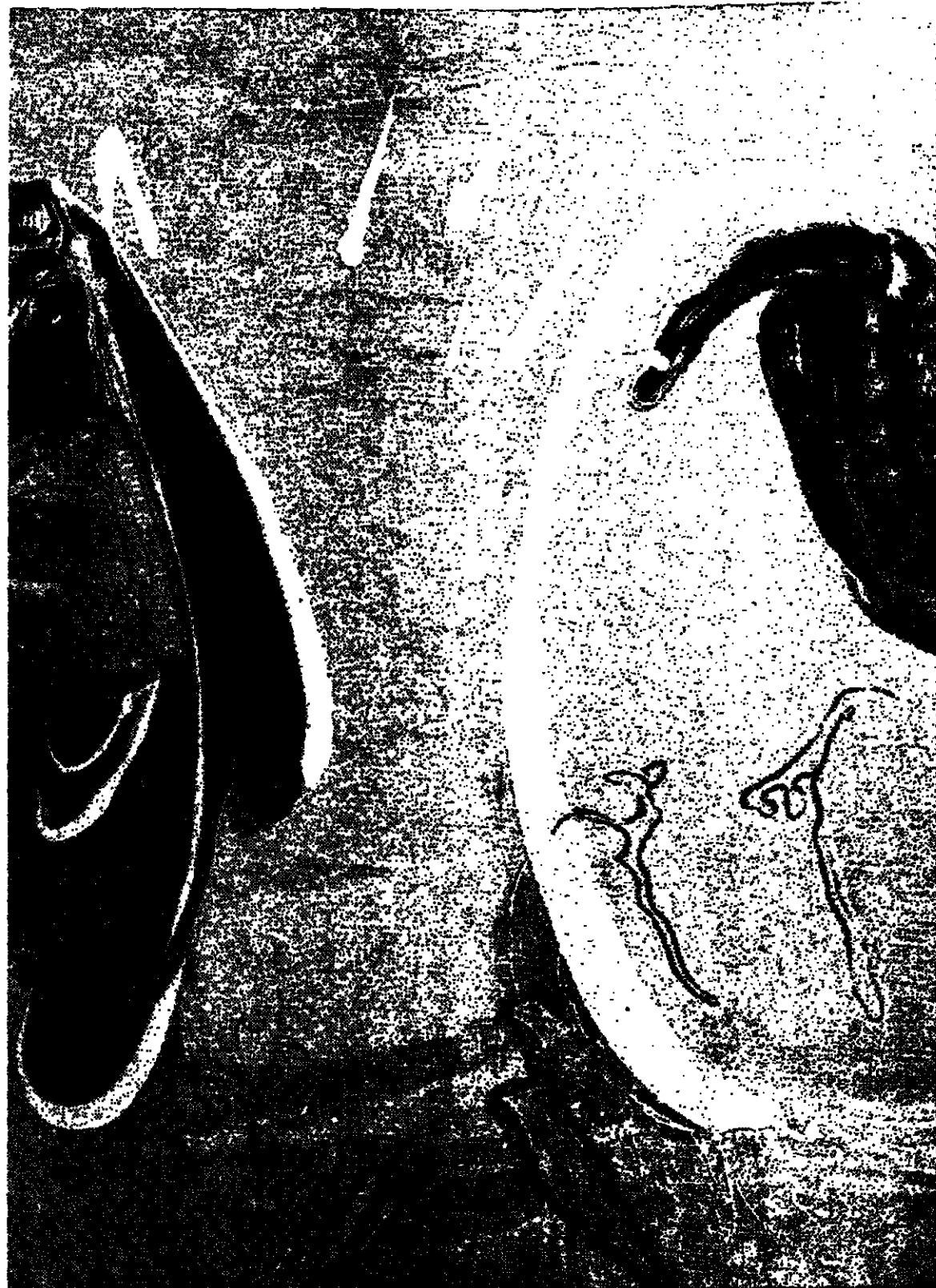
Coaxing my handset's mushroom-shaped control button, I dodge about between groups and between songs. I can also answer quizzes, choose bits of interview and even play a hide-and-seek game with the "Sultans" on the Tokyo subway. Amazing. I was only just getting used to the 20th century, and now here is the 21st.

on Theatre Guide

[illegible]

Theatreline

T-Call the 0836 Theatreline numbers in the
 guide for more information and daily seat
 availability on each show.
 Calls cost 39p per minute or 49p at all other
 times in UK.
 The theatreline is presented by S.O.L.T., an
 association with K.T. Cityline.
 For daily seat availability only call 0836:
 430641 Plays
 430642 Thrillers
 430643 Musicals
 430644 Children's Shows
 430645 Comedies
 430646 Opera/Ballet/Dance



Something of a surrealist: 'Secret Laugh', 1991, by Maggi Hambling

As she approaches 50, Maggi Hambling remains as unchangeable and unclassifiable as she is prolific. Not only does she never seem to stop unless tied down, her paints confiscated and studio locked, but what she does is likely to surprise and test even the most committed of her supporters. Portraits, line drawings, landscapes, mystical abstractions upon landscape, symbolist or mystical abstraction—all have appeared in their turn over the past dozen years or so, and not as single pieces at that, but in battalions. She is something of a surrealist, and an expressionist within the broad meaning of the act—though for painting as much as for what once played against the wall by the late and redoubtable Vera Russell, who said to me darkly as she shook me by the throat: "Maggi is not an Expressionist: Expressionists are German." Even she, I feel, had she seen this latest work, would now concede the point.

Towards Laughter, her show at the Barbican, offers us a just such a view of the paintings of the last ten years, with a handful of earlier works to set the thread. It is not a straightforward retrospective, but more a retrospective of an idea, and its development within the work.

Miss Hambling, in her portraiture and figure painting, has always been interested in physical expression, passing moods and states of mind. The show opens with one or two examples — a portrait, from the mid-1970s, of Lett Haines, her sometime teacher, roaring with laughter and profoundly convincing in its psychological subtlety; and another laughing and this time female head from 1984, which is more robustly stated

But rather closer to the particular idea, as we see it develop through the show, are two much stranger images. The first is of the ghost of another of her great teacher-friends, the artist Cedric Morris, a wispy and transparent ectoplasmic figure in his chair

against the light. The second, "In Praise of Smoking", is a conversation piece in the extended series of paintings she made of her friend, the comedian Max Wall, in the early 1980s. It shows the two of them in the studio, one posing, the other painting, with the smoke from their cigarettes rising to come together in a cloud above their heads, a cloud personified in the head of ghostly monkey.

The jump from this to the first of the sunrise paintings, which marks the transition from the overly figurative to the more abstract, is not as great as it makes up by far the greater part of the show, is thus not so great as it might at first appear. The key work is the *Dragon Sunrise* of 1986, a burst of orange against the blue out of a black cloud that immediately calls to mind the Zen temple ceiling paintings of Japan. Soon the moon appears, to be followed by the sun, reflecting images, ambiguous surfaces, suggestions of pools and water, or dragons and demons chasing the richly darkening sky. These are increasingly ambitious and dangerous paintings, in terms both of scale and content, and it is a measure of the artist's skill that he carries them off so often, and so beautifully in this phase of the work.

And suddenly, with the 1990s, the laughs take over, great bursts and belly laughs of pigment, pools of colour, swirling and rioting together. They begin quite soberly with "The Happy Dead", another symbolic and abstracted sky, and so, happiness to laughter, the thought of the physical, visible presence and description of mood and sound, the intangible and the evanescent, is born.

These are now high risk ideas and images, the danger ever-present of ludicrous, bathetic failure and belly flop, and it is a measure of Miss Hambling's nerve that she has persisted with them with such spirit and, in the event, to such effect. Here they are: "Brother Laugh", all puce, pink and voluptuous with hints of buttocks

and black stockings; "Suicide Laugh", desperate, defiant and vertiginous, light on dark and into the void; "Bathroom Laugh", swirling, supine forms, pink against blue; "Laugh Defying Death", legs kicked in the air; "Champagne Laugh", yellow froth and glass held high; "Secret Laugh", off to the side and turning away; "Ghosts of Laughs", fading into silence.

Lately Miss Hambling has also made some ceramic sculpture, linear, spindly, precariously curling and colourful objects that are, in sort, cousins to her painted images. Like them they are suggestive and evocative things that invite sympathetic recognition and fellow feeling. But then the shared joke is no mere laughing matter, but a privilege too. We laugh or

die. Maggi Hambling laughs a lot, and this is a brave show.

Maggi Hambling - Towards Laughter: the Concourse Gallery, Level 5, the Barbican EC2, until July 31, then on to Preston. Sponsored by Northern Centre for Contemporary Art and Northern Electric, funded by the Arts Council.

John Allison reviews Haydn's *'Orlando paladino'*

The abundant pleasures of visiting the Nottingham Court Theatre, 150 years on from Stockholm by lake steamer - have been recounted on this page before. But the single most satisfying experience there is of course a good opera production, and Haydn's *Orlando paladino*, the main project this year - the second season under Elisabeth Söderström's artistic direction and the chief conductorship of Nicholas McGegan - is very

the music of Söderström's aims is to explore the operatic language of the Mozart and Gluck works that have been central to Drottningholm's repertory over the years. *Orlando paladino* was Haydn's most popular opera, and it is likely that Mozart heard it; certainly, there are pre-echoes of *Don Giovanni* in the characterisation of Medoro (a Don Ottavio figure) and Pasquale, whose catalogue of legends goes to the final *leggero*. Though the plot cannot stand dramatic scrutiny, it serves as a framework for marvellous music, much of it written by Mozart's operas.

scene changes are accomplished within a matter of seconds, dissolving with breathtaking beauty.

Ivo Cramér's production, in Dominique Delouche's lavish costumes, catches the opera's naive blend of comedy, romance and heroism. Cramér, a choreographer of long experience, provides lively spectacle (*Alcina's* monsters were taken by dancers) that almost disguises the work's lack of stage sense.

Drottningholm's cast was strong, with two especially good performers. Elisabeth Berg was bright and bell-like as the shepherdess Eurilla, and Pia-Marie Nilsson sang with expressively comic Pasquale and skilful patter singing. Gunnar Lagerberg, her second husband, was the blushing but ineffectual king of Barbary. Rodomonte, Anita Soldh characterised the selfish sorcerer Alcina well; Stefan Dahlberg was more than adequate as the ridiculous, swooning Orlando; but Lars Magnusson's Medoro was too loud and unyielding.

Haydn's score sparkled under McGegan's energetic direction, but it never seemed pushed, McGegan caught the music's essential lyricism and the instruments' beautiful winds - sounded smooth in the theatre's intimate acoustics.


almost perfect poise as the languishing Angelica. The tenor Klas Hedlund stood out for his

Don Quixote

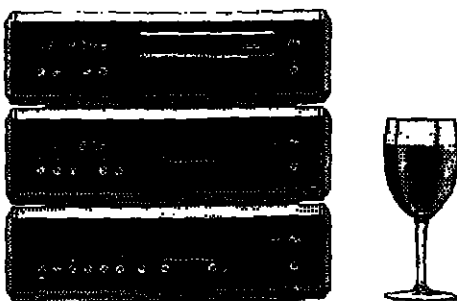
27 28 29 JULY AT 7:30PM
30 JULY AT 7PM

A high-contrast, black and white photograph of a person in traditional armor, possibly a samurai, standing and holding a long staff or sword. The image is heavily stylized with high contrast, making details difficult to discern.

Stephan Dahlberg – more than adequate as the swooning Orlando

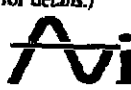
 SOUTH BANK Tel/Cel 011 323 8300 10pm-5pm daily Reg'd Crm	
ROYAL FESTIVAL HALL	
JVC CAPITAL RADIO JAZZ PARADE	
Sat 16 Jul 8.00 9.00 9.30 10.00	WYNTON MARSHALL SEPTET BLACK NOTE C25, C22, 50, F15 DEE DEE BROWDERWATERLOO HENDERSON QUARTET with Al Foster & George Haze featuring David Houlton. C20, C17, 50, F12, 50 REINA SHORNE JESSIE BACHOFFRANK CRAWFORD QUARTET C25 (ONLY) MICHAEL LEGRAND TRIO DIANE SCHURER C25, C22, 50, F15 JOHN McLAUGHLIN THE JEAN TOUSSAINT QUARTET C17, 50, F12, 50 TONY MARTI, MACEO PARKER & ROOTS REVIVITED Featuring Fred Wesley and Pee Wee Ellis C20, C17, 50, F12, 50 THE ISLEY BROTHERS C20, C22, F15
QUEEN ELIZABETH HALL	
Sun 17 Jul 7.45	PERKINS OPERA FIVE O'CLOCK A spectacular kaleidoscope of dance, drama, acrobatics & comedy in a performance of Fawcett say Congratulations just others. Sponsor: TROJUNG L.L.C. SS (ONLY) Culture Cultural Centre LONDON FOREST CHOIR Haydn at Cecelia Mass Murray Stewart (choir) Ingrid Astor, Tamara Davis, Harry Micoili, Patrick McQuinn, London Pop Arts Orchestra. Also Inc Mozart Ensemble C20, C22, 50, F12, 50, F15, C12, 50, F15 LFC

Neat one, Martin.



Electronics near genius Martin Grindrod wasn't happy with any available hi-fi system. So he simply designed, and built, his own: The AV1 total hi-fi system* stacks up to little more than 12" in height. And £3,996 in money. It is perfection at any price, described by one hi-fi reviewer as, without doubt, his "first choice". (You'd find it no small pleasure to call 0453 752656 for details.)

"The AV1 System: pre-amp, two mono-block power amps (not pictured) CD player and tuner."



Avi
A V INTERNATIONAL

A V International Limited, Unit F1C3, Roth Road Trading Estate, Ipswich, Gloucester GL19 3JH, England.
Telephone 0453 769661 Fax 0453 752777

Don Quixote

27, 28, 29 JULY AT 7.30PM
30 JULY AT 7PM

THE ROYAL BALLET


the
ROYAL
BALLET

ROYAL OPERA HOUSE
671 240 1211/1066

TELEVISION

BBC1

7.25 News. 7.30 Felt, the Cat. 7.45 Joe 9.0. 9.10 The Flintstones. 9.30 Round the Twist. 9.00 Pargill's.

10.55 Film Peter Lundy and the Medicine Hat Station. Western adventure. A frontier teenager (Lef Garrett) becomes a Pony Express rider in 19th century Nebraska (TVM 1977).

12.30 Grandstand. Introduced by Steve Rider from Tumbury. 12.35 Golf and Football Focus: The Open Cup Championship. Coverage of the third round at the weekend. Analysis of the course. Plus, Football Focus: Preview of the World Cup third-place final. 1.00 News. 1.05 Golf. 1.25 Moto Donington. Road Conditions. 1.35 Golf 1.45 Racing: The 2.00 Harewood Timber and Building Supplies Stayers Championship. 2.05 Handicap (Qualifier). 2.05 Golf. 2.25 Racing: The 2.30 Weather. 2.35 Sports. 2.35 Golf. Times may vary.

5.05 News. 5.15 Regional News and Sport. 5.20 Hit the Road. Teen captain Jonathan Coleman, Annabel Giles and John Leslie use celebrities Jim Bowen, Keith Chegwin, Jeremy Guscott, Allen Lamb, Victor Mitchell and Carol Smilie to take them on a tour in Stratford and Warwick. 5.25 Tony Bonner. Tony Bonner presents a history of The Flintstones. 5.30 Peta Win Prince. Ordinary household pets compete in all manner of wild events in an attempt to win prizes for their owners. 7.20 Miss Marple: Nemesis. Joan Hickson, in the guise of super-sleuth Miss Marple, is hired by a millionaire to investigate an unexplained crime. Feature-length mystery, with Helena Mitchell.

9.05 One Foot in the Grave. All manner of disasters ensue when Victor, a professional chef for an overgrown cherry tree. Classic comedy, starring Richard Wilson. 9.35 News and Sport. 9.40 Film: Firefox. Refined US pilot Clint Eastwood is persuaded to steal a superjet jet fighter from the USSR. Action movie, with Freddie Jones and Warren Clarke (1982).

12.05 Gloria Estefan: Into the Light World Tour. 1.00 Weather. 1.10 Close.

BBC2

6.00 Open University. 12.15 Film The Roaring Twenties. Classic gangster drama about a first world war veteran (James Cagney) who embarks on a life of crime after returning to Prohibition-era New York. With Humphrey Bogart (1939).

2.00 Appaloosa. Insights into Linda and Paul McCartney's love for their thoroughbred horses, providing a unique perspective on the world of equestrian breeding and competition. 2.30 Sunday. Anne Perkins reviews the work of the parliamentary committee. 3.00 Film: Carve Her Name with Pride. The British widow of a French officer is enlisted as a spy during the second world war. Fast-paced drama, starring Virginia McKenna and Paul Scofield (1958).

4.55 Golf. The Open. The closing stages of the third round from Tumbury. With most of the players back in the clubhouse, there's a chance for those still to complete their rounds to move up the leaderboard. Subsequent programmes may run late. 7.05 News and Sport. 7.20 The Eye of Vio. Claude Chabrol's powerful film recounting the controversial history of the wartime French regime, which actively supported the Nazis' anti-Semitic policies (English subtitles).

9.05 Seinfeld. George is delighted when Elaine finds him a job, and gives her a sweater as a thank-you gift - only to face humiliation when she learns he bought it at a bargain price. 9.30 The Jupiter Collision. New series. First in a week of programmes covering one of the rarest, greatest phenomena ever witnessed by mankind - the impact of a comet on the surface of the largest planet in the solar system. 10.00 Golf: The Open. Steve Rider introduces third-round highlights from Tumbury. 10.30 Film: La Combe. Lucien, Louis Malle's drama about a French peasant who becomes a Nazi collaborator after his application to join the Resistance is rejected. Pierre Blaise stars (1974) (English subtitles).

12.45 Film: Hitler's Children. A member of the Nazi Party attempts to rescue his lover when she is imprisoned in a labour camp. Drama, starring Tim Holt and Bonita Granville (1943).

2.10 Close.

LWT

6.00 GMTV. 9.25 Glenn 5. 11.30 The ITV Chart Show. 12.30 pm Starting from Scratch.

1.00 ITN News. Weather. 1.05 London Today. Weather. 1.10 World Cup '94: L.A. Brunch. Tony Francis previews the match between Los Angeles with help from Jack Charlton, Denis Law, Ray Wilkins and Don Howe. 1.40 Movies, Games and Videos. Reviews of Maverick and The Beverly Hills Cop. 2.10 WCV Worldwide Wrestling. 2.50 Life Goes On. 3.45 Burke's Law. Amos rescues a beautiful private eye as they both investigate the bizarre murder of a wealthy banker. 4.45 ITN News. Weather. 5.00 London Today. Weather. 5.15 Time Trax. Pilot episode. SF thriller about a 22nd century cop who chases a political assassin back in time to 1953. Dale Midkiff stars. 6.50 Celebrity Squares. New series. Bob Marley hosts as guests including Joan Sime and Wendy Richard help contestants win cash and cars. 7.20 Stars in Their Eyes Final - Live. The best singers from the series take the stage in the final of being crowned 1994 winner, with viewers voting by phone for the eventual winner. Hosted by Matthew Kelly. 8.30 ITN News. Weather. 8.45 London Today. Weather. 8.50 Stars in Their Eyes Final - The Result. 9.05 Film: The Delta Force. An elite squadron takes on terrorists who have hijacked a cargo ship bound for Athens. Action adventure, with Chuck Norris, Lee Marvin and Martin Balsam (1986).

11.25 World Cup '94. Highlights of tonight's third-place final in Los Angeles, and a look ahead to tomorrow's final. 12.30 Tour of Duty. 1.25 Get Stuffed. ITN News Headlines. 1.30 The Big E. ITN News Headlines. 2.25 Slot Machine. 3.20 New Music. 4.20 BPM. 5.00 Hot Wheels.

CHANNEL 4

6.00 4-Tv on View. 6.35 Early Morning. 10.00 Trans World Sport. 11.00 Gossip. 12.00 The Big 5. 12.30 pm A Girl's First Love (English subtitles).

12.55 Film: Diana. A 16th century French courtesan falls for the king's son as she progresses from a lowly street marriage. Historical melodrama, starring Lana Turner and Roger Moore (1955).

2.55 Racing from Newmarket. The 3.15 Food Brokers Aphrodite Stakes. 3.45 Primula Maiden Stakes. 4.15 Food Brokers Trophy, and the 4.45 Chester Broken Sails Selectives Handicap Stakes. 5.05 Brookside. News Summary. 6.30 Opening Shot. Film following 16-year-old gutter sensation 'Smokin' Joe' Bonamese, as he visits Memphis to cut his first album. 7.00 Tour De France. Stage 12: The Pyrenees to Albi, 224.5km. The riders leave the mountains and embark on a gruelling six-hour stage. 7.30 Carreras, Domingo, Pavarotti, Mehta in Concert. Another chance to see the ultimate 1990 concert filmed in Rome, as three of the world's greatest tenors joined forces for a musical extravaganza. 9.15 A Night with Derek: You Know What I Mean. Profile of director Derek Jarman, who died of an AIDS-related illness, as he is shown as an introduction to a night of his films. 10.25 Film: The Tempest. Adaptation of Shakespeare's play, a tragicomic fantasy set in a world outside time. Heathcote Williams and Toyah Willcox star (1982). 12.15 Film: The Last of England. Surreal montage depicting the decline of Britain through images of urban decay and political oppression. Tilda Swinton and Nigel Terry star (1987). 2.05 Film: Shogun. Denzai's unusual contemplation of the end and death in which a blank blue screen is accompanied by a soundtrack of music, poetry and narration (1993). 3.30 Film: Sebastian. Striding account of the life of a 19th-century martyr St Sebastian, a Roman soldier banished to a remote military outpost. With Leonardo Treviglio (1976) (English subtitles). 5.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

12.30 Movies, Games and Videos. 1.05 Anglia News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Granada News. The Last Aphrodite. (1955) 3.50 Knight Rider. 5.00 Anglia News and Sport. 5.45 Anglia Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border News and Weather. 8.55 Border News and Weather. 9.00 Border News and Weather. 9.05 Border News and Weather. 9.10 Border News and Weather. 9.15 Border News and Weather. 9.20 Border News and Weather. 9.25 Border News and Weather. 9.30 Border News and Weather. 9.35 Border News and Weather. 9.40 Border News and Weather. 9.45 Border News and Weather. 9.50 Border News and Weather. 9.55 Border News and Weather. 10.00 Border News and Weather. 10.05 Border News and Weather. 10.10 Border News and Weather. 10.15 Border News and Weather. 10.20 Border News and Weather. 10.25 Border News and Weather. 10.30 Border News and Weather. 10.35 Border News and Weather. 10.40 Border News and Weather. 10.45 Border News and Weather. 10.50 Border News and Weather. 10.55 Border News and Weather. 11.00 Border News and Weather. 11.05 Border News and Weather. 11.10 Border News and Weather. 11.15 Border News and Weather. 11.20 Border News and Weather. 11.25 Border News and Weather. 11.30 Border News and Weather. 11.35 Border News and Weather. 11.40 Border News and Weather. 11.45 Border News and Weather. 11.50 Border News and Weather. 11.55 Border News and Weather. 12.00 Border News and Weather. 12.05 Border News and Weather. 12.10 Border News and Weather. 12.15 Border News and Weather. 12.20 Border News and Weather. 12.25 Border News and Weather. 12.30 Border News and Weather. 12.35 Border News and Weather. 12.40 Border News and Weather. 12.45 Border News and Weather. 12.50 Border News and Weather. 12.55 Border News and Weather. 1.00 Border News and Weather. 1.05 Border News and Weather. 1.10 Border News and Weather. 1.15 Border News and Weather. 1.20 Border News and Weather. 1.25 Border News and Weather. 1.30 Border News and Weather. 1.35 Border News and Weather. 1.40 Border News and Weather. 1.45 Border News and Weather. 1.50 Border News and Weather. 1.55 Border News and Weather. 2.00 Border News and Weather. 2.05 Border News and Weather. 2.10 Border News and Weather. 2.15 Border News and Weather. 2.20 Border News and Weather. 2.25 Border News and Weather. 2.30 Border News and Weather. 2.35 Border News and Weather. 2.40 Border News and Weather. 2.45 Border News and Weather. 2.50 Border News and Weather. 2.55 Border News and Weather. 3.00 Border News and Weather. 3.05 Border News and Weather. 3.10 Border News and Weather. 3.15 Border News and Weather. 3.20 Border News and Weather. 3.25 Border News and Weather. 3.30 Border News and Weather. 3.35 Border News and Weather. 3.40 Border News and Weather. 3.45 Border News and Weather. 3.50 Border News and Weather. 3.55 Border News and Weather. 4.00 Border News and Weather. 4.05 Border News and Weather. 4.10 Border News and Weather. 4.15 Border News and Weather. 4.20 Border News and Weather. 4.25 Border News and Weather. 4.30 Border News and Weather. 4.35 Border News and Weather. 4.40 Border News and Weather. 4.45 Border News and Weather. 4.50 Border News and Weather. 4.55 Border News and Weather. 5.00 Border News and Weather. 5.05 Border News and Weather. 5.10 Border News and Weather. 5.15 Border News and Weather. 5.20 Border News and Weather. 5.25 Border News and Weather. 5.30 Border News and Weather. 5.35 Border News and Weather. 5.40 Border News and Weather. 5.45 Border News and Weather. 5.50 Border News and Weather. 5.55 Border News and Weather. 6.00 Border News and Weather. 6.05 Border News and Weather. 6.10 Border News and Weather. 6.15 Border News and Weather. 6.20 Border News and Weather. 6.25 Border News and Weather. 6.30 Border News and Weather. 6.35 Border News and Weather. 6.40 Border News and Weather. 6.45 Border News and Weather. 6.50 Border News and Weather. 6.55 Border News and Weather. 7.00 Border News and Weather. 7.05 Border News and Weather. 7.10 Border News and Weather. 7.15 Border News and Weather. 7.20 Border News and Weather. 7.25 Border News and Weather. 7.30 Border News and Weather. 7.35 Border News and Weather. 7.40 Border News and Weather. 7.45 Border News and Weather. 7.50 Border News and Weather. 7.55 Border News and Weather. 8.00 Border News and Weather. 8.05 Border News and Weather. 8.10 Border News and Weather. 8.15 Border News and Weather. 8.20 Border News and Weather. 8.25 Border News and Weather. 8.30 Border News and Weather. 8.35 Border News and Weather. 8.40 Border News and Weather. 8.45 Border News and Weather. 8.50 Border

Private View/Christian Tyler

The gentle touch in a tough business

After work, mandarins are supposed to go to Covent Garden for the opera or, at a pinch, the ballet. Valerie Strachan, the most senior woman in the British civil service, likes to go Scottish dancing.

Times are changing at the summit of the Establishment, and will change again as a result of a white paper published this week. Strachan is a symptom of that change. The chairman of the board of Customs and Excise is a woman, but she is a woman who does not waste time pretending to be a man.

Appearance, we all know, are deceptive. So, encountering an eager, chatty, smiling and feminine Permanent Secretary, Grade One, I was immediately on my guard.

Valerie Strachan is tall with a strong handsome face, wide mouth and innocent brown eyes. There is a look about her of those rangy female tennis players who used to bound about Wimbledon in the old days. Or one could imagine her as a painter and artist's model from the free-thinking, free-loving Bloomsbury Group.

Whatever the comparison, she appears altogether too jolly, too nice, to be running a government department charged with hunting drug-dealers, pornographers and smugglers, let alone enforcing the collection of VAT. There was something girlishly naive about the way, at the end of the interview, she confessed to a love of Highland dancing. Or was the naivety just a little bit calculated?

I asked her first if she had thought of feminising her title in order to reflect current fashion.

She had thought about it, she said, and was committed to equal opportunities but had decided against. "It's a traditional title and to have changed it would have been making a much louder statement than I wanted to make." Her staff have been told to call her "Valerie" or "Mrs Strachan", according to how well they know her.

By coincidence - if it is coincidence - the three top women in Whitehall all run law-enforcement agencies. The other two are Barbara Mills, Director of Public Prosecutions, and Stella Rimington, head of MI6, the domestic intelligence service. Did they talk to each other, as women?

"We do have chats about things," she said. "But it's sort of on the hoof, as it were... me saying to Stella as we go into permanent secretaries (the Wednesday morning meeting at the Cabinet Office). I know where you've got that jacket from; I must remember not to get the same one." That sort of thing. Or talking a bit to Barbara about some equal opportunities issues."

Do the male permanent secretaries call you "The Girls"?

"No." She laughed scornfully. "No, nor do we call them 'The Boys'. I don't think they see us a little tightly-knit group. Nor do we see ourselves as being a threatened minority. All of us have been around for a long time and know each other really quite well. So it's not an issue between us."

Does it not feel like a men's club? "Mmm. Not particularly, no. There is a clubby atmosphere but it is the club of 20 however many it is people, each of whom is at the top of an organisation, all of the organisations having something in com-



mon. It is not like the Reform Club or whatever I imagine other clubs might be like."

Clubmanship, public school and Oxbridge are no longer essential qualifications for the mandarinate. Strachan herself comes from Hull, went to the local girls' high school and to Manchester University, is married to another civil servant and has two children.

She joined Customs and Excise straight from university (the Department of Education was her first choice) having little idea of what it did. ("I thought they were the people that chalked your bags when you came into the country.") She has spent time at the Home Office and Treasury. Some say that if any woman can make it to the very top as Cabinet Secretary and head of the home civil service, Valerie Strachan can.

Customs and Excise is not a typical government department: it has its own mazy atmosphere and has escaped a lot of the pain of civil service reform. But Strachan is, with qualifications, a promoter of the new business culture. When I suggested that her title, chairman of the board, might be getting uncomfortably close to the truth, she claimed that the white paper reinforced the traditional virtues of the British civil service.

Is she a traditionalist or a young Turk?

"Am I allowed to be both? In my time I have been as young Turkish as anybody, including pushing the financial management initiative and being a supporter of the basic concepts of Next Steps. But I don't see there is a necessary conflict between that and between maintaining public service values."

It would be unsuitable to privatise VAT inspectors, for example. Traffic wardens had been, I said. Why not VAT inspectors?

"I think VAT inspectors are having to exercise discretion and judgment all the time, every day of their lives. I think it is quite important that they should be publicly accountable."

Was there nowhere where efficiency was being won at the expense of public service?

"I think you have trade-offs, but there are all sorts of trade-offs. In real life there are trade-offs between efficiency and collecting the last penny of revenue, between obligations to get off the back of small business and tax morality."

So you are not going to be put on either side of this debate?

"I would like, please, to have my cake and eat it."

Vatwoman's main worry at present is the VATman's public image. Do you mean, I said, that the department is hated by business?

"That's not what I mean, no. What I mean is... You haven't

mentioned the Citizens' Charter." I don't want to mention it, I said. "No, I dare say you don't." She sounded sympathetic. "But we have got a lot of charter obligations. The tax man is never popular, the tax woman is never popular and I don't expect them ever to be. But I have felt that we could usefully soften the image we present while not losing our effectiveness. We are law enforcers, but we can be friendly law enforcers."

do is not so much remove causes for complaint but be positively more helpful."

This week's white paper would put senior civil servants on personal contracts, with salaries set according to performance as judged by a company-style remuneration committee. They would no longer get a fixed rate according to seniority, and their jobs - some of them - would be open to outsiders.

The head of customs said the pro-

posed reforms only made explicit what was already implicit in the mandarins' terms of employment.

She had "no difficulty" with the changes, she said, but was very anxious that her and her staff's performance should not be judged in crude terms - say, by the amount of revenue the department brought in.

Hoping to discover the steel behind those candid eyes, I said: You smile a lot. Or is it just today?

"No, I think I smile a lot. This may be, I have to say, a terrible character weakness," she smiled.

So people think "She's a nice girl."

Valerie Strachan, chairman of the board of Customs and Excise, says she has 'no difficulty' with the changes proposed for the civil service in this week's white paper

Are you prepared to say the department has been heavy-handed in the past?

She paused and sighed. "No, that wouldn't be quite right."

Do you want to supply a better word?

"Let me think. Um. We have sometimes had a reputation for being heavy-handed. The reputation has been based on remarkably few instances. When we go out and actually ask people what they think of us and what they think of the service, people are on the whole pretty satisfied. What I am trying to

mentioned the Citizens' Charter." I don't want to mention it, I said. "No, I dare say you don't." She sounded sympathetic. "But we have got a lot of charter obligations. The tax man is never popular, the tax woman is never popular and I don't expect them ever to be. But I have felt that we could usefully soften the image we present while not losing our effectiveness. We are law enforcers, but we can be friendly law enforcers."

do is not so much remove causes for complaint but be positively more helpful."

This week's white paper would put senior civil servants on personal contracts, with salaries set according to performance as judged by a company-style remuneration committee. They would no longer get a fixed rate according to seniority, and their jobs - some of them - would be open to outsiders.

The head of customs said the pro-

posed reforms only made explicit what was already implicit in the mandarins' terms of employment.

She had "no difficulty" with the changes, she said, but was very anxious that her and her staff's performance should not be judged in crude terms - say, by the amount of revenue the department brought in.

Hoping to discover the steel behind those candid eyes, I said: You smile a lot. Or is it just today?

"No, I think I smile a lot. This may be, I have to say, a terrible character weakness," she smiled.

So people think "She's a nice girl."

We can swing this one past her?" "No, I don't think they think that. They have probably learned that if I think something ought to be done, then I will be quite persistent in making sure that it does get done."

"I like working with people, and working in a co-operative way. But at the end of the day, once I've heard everybody's views and formed a view about how we ought to go forward then I will be quite persistent."

Can you be a brute when required?

"I don't set out to be a brute. I set out to achieve the desired result, preferably while making people feel..."

You mean they don't feel it while you kick them?

"I really do try not to kick people," she laughed, "because I never think bruises are the best way of achieving results. I mean, there will be times when I run out of patience and people are aware of the fact."

Do you mind confrontation? "No, I confront if I need to confront. But I prefer to operate without, you know, pinning somebody in a chair and saying 'You have done wrong.'"

"I'm quite patient - most of the time," she laughed again and reached for a homely example. "Don't try me in the hairdresser's. I'm not patient there. One of the chief virtues of the man who dresses my hair at the moment is

that he does it on time. I hate being kept waiting."

I struggled to regain a footing. The art of dissembling, I said, must be in the armoury of any top civil servant.

"I don't think that's the way operate. I suppose I would lie if I had to for my country. But on the whole I try and negotiate straight. (She led the negotiations on the European Union single market changes in VAT and excise duty collection, and is chairman of the world customs co-operation council.) "I do try not to dissemble. I'm not sure I could keep it up for long enough." She paused. "I don't suppose I always show all my negotiating cards."

I'm sure you don't, I agreed. You probably play poker till late a night wearing a green eyeshade.

"No, no," she laughed. "I had card games. It's a lovely picture though, isn't it?"

When, finally, I asked her if she had eyes on the pinnacle of the civil service, the Cabinet Office, she said she had not even begun to think about it. There were "hordes" of people - well, several at least - who would be obvious candidates.

But I got the strong feeling that Valerie Strachan would not be satisfied with maidenly blushes if the job were offered to her. Meanwhile it was time to pack up and get off to dancing class.

Dispatches/Cape Town

Selective amnesia heals the wounds

Pieter-Dirk Uys says that former terrorists and old fascists are now comrades-in-arms

"What did you do in the struggle? The battle for freedom? The apartheid years? Does anyone remember?"

There is an old Afrikaner ailment that seems to have reached epidemic proportions here in this most southern African land of rising hope. It is called Raubenheimer's disease.

It was first noticed after the Boer war, when the British empire was nearly forced to its knees by the Boer guerrillas in the mist. This type of warfare was then exported to various skirmishes, from Afghanistan to Bosnia, with great success, while the British introduced the civilised world to their new concept: the concentration camp.

After the Boer war, and while there was still great hatred and grumbling against the British, the Afrikaner found himself, by 1910, in a newly-formed union, blue-printed by the parliament in London and symbolised by the new South African flag: a compromise between those of the Cape Colony (Union flag) and the two ex-Boer republics (not the Union flag). The effect of this was to trap the Afrikaner in the centre of an orange, white and blue banner until the stroke of midnight before April 27 1994.

Raubenheimer's disease was then spotted for the first time in a small dusty dorp on the wide plains of the Karoo, where Farmer Raubenheimer, having just lost his farm to fire and his family to famine, suddenly started speaking English and singing "God Save the Queen". He seemed to have forgotten completely the reason for the pain of his past.

This - some people said - mer-

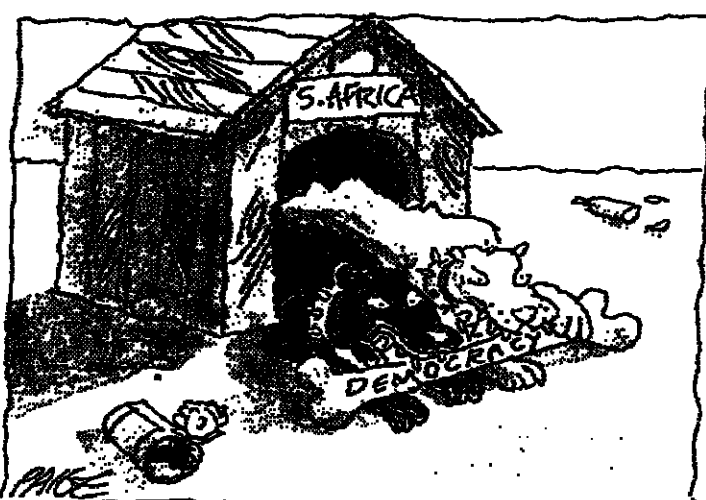
ful amnesia made it possible for him to live side by side with his bloody enemy in peace. He even married again - a younger English girl - and they had three sons and called them after various recent British kings. Some of his bitter neighbours, however, swore that Farmer Raubenheimer had, in fact, lost his marbles.

It is said that since then all Afrikaners have been born with a trace of Raubenheimer's disease. In decent company it was merely whispered that these strange bearded and braided folk knew how to adapt and not to die. "Damn pragmatic" and "bloody unbalanced" were more often used to explain the strange ways by which Afrikaners turned the other cheek and then whipped round, guns ablazing.

We Afrikaners have always been great artists in absorbing - no, call it stealing. We would take something from another people, maybe a Dutch language, and unrecognisably beat it up to become Afrikaans. Or we would take a democratic Westminster system of government and bleed it dry of its truth.

We even legitimised an inbred sense of racial madness, gave it an official Afrikaans name (that the English speak *apartheid*), wove it into our statute books "democratically" and ended up in the smelly corner of the world's classroom with a skunk's tail pinned to our backs.

But no more. Chalk has become cheese. The bad old days are gone. Mandela rules OK! Now, shockingly, it has become the time to be not anti but pro. One is proud of being a South African. Political satirists are jumping off roofs. Nostalgia-wrecked anti-apartheid activists



are ignoring the complexity of Bosnia and those political prisoners in Northern Ireland and are being treated for withdrawal symptoms. The black-and-white issues of Afrikanerdom's experiment in separate development have vanished.

Like that flesh-eating streptococcus, Raubenheimer's disease has struck again. Here in this brand new South Africa it is impossible to find anyone more or less white and relatively sane who will admit to having supported apartheid.

It is the same elsewhere, of course. In East Germany, after the Berlin Wall came down, there were suddenly no communists to be found, just as there had been no Nazis in Germany in 1945 (nor even, particularly, in Austria, Holland or France). No one recalls voting Margaret Thatcher into power all those years ago when British democracy

still had a ring of authenticity to it.

Some Afrikaners who swore bloody revenge on a democratically-elected, non-racial, non-sexist government are now swapping fond stories of election-day braais (barbecues) with their new non-white neighbours. Beers in hand, former terrorists and old fascists are comrades in arms; a cloudburst over a squatter camp is no longer the result of bad nationalist politics - only of bad weather.

Amnesties and amnesties seem to go together. There are now more free men on the street (and in parliament) with blood on their hands than in the prisons. Politically-motivated crimes, ranging from mass murder to messy murder, have a cut-off date - if you blasted your enemies away before the cut-off, you are fine.

During our past - until April 27

1994 - South African democracy was too good to share with just anyone. As a result, the world hated us. Now we are more of a democracy than Britain.

Good news is no news and at the moment nearly everything here is good news, give or take a couple of killings that last year would have been called a political massacre; now it is just the criminal element.

Everyone in government is united by salary and perks, from the old regime to the new extreme, from Chief Buthe to Winnie Mandela, the Black Erit, appointed not as minister of child welfare, which she had rehearsed for, but as deputy minister of culture. ("Culture," she said. "That's a funny post." Please do not send her a biography of Madame Mao.)

The world is still fascinated with South Africa, though no longer confronted by the nightly Munch-scream of black South Africa on the news; no longer tuffing the Outspan orange into the toilet; no longer wearing the "Free Mandela" T-shirt and feeling good for being so good.

What now fascinates the world is this relatively well-educated, relatively civilised, relatively relatively pleasant group of white Christians (and Jews) who took the most beautiful country in the world and utterly and completely screwed it up - and nearly got away with it. And then turned round with a smile at the edge of the cliff and handed their only parachute to the former enemy.

I thought I started with a question. Perhaps I had the answer. I really cannot remember. Call it Raubenheimer's disease.

Pieter-Dirk Uys is a South African satirist

Good-bye battery



Tomorrow's technology, today. Seiko Kinetic. The perpetual accuracy of quartz - without a battery. It is the first and only quartz watch that harnesses kinetic energy. Thanks to its tiny powerhouse it converts even the slightest movements into electrical impulses. Ecologically sound and ultimately reliable. Seiko Kinetic is so efficient that you need only wear it for a day to generate energy reserves for at least three days' operation. And should it ever approach the limit, your watch will warn you in good time. Trust a watch that is built to last. Yesterday was battery. Today it's Kinetic - exclusively by Seiko.

SEIKO KINETIC

The time is now.

For more information please call 0033 413345